

Lombard

BUPA tightens on claims

BY ERIC SHORT

THE BRITISH insurance industry takes justifiable pride in all aspects of its service, but particularly in the prompt payment of claims with a minimum of fuss. After all, that is what insurance is all about. So when the news broke this week that British United Provident Association, Britain's largest mutual insurer, was reviewing the benefits being paid in certain cases, one's first reaction was naturally hostile. It looked very much as if BUPA was tightening its rules to the detriment of its existing beneficiaries.

Unprecedented

The true picture seems to be somewhat less dramatic. The investigation being made is into what BUPA classifies as long-stay cases where benefit has been paid for at least 52 consecutive weeks. This was triggered off by an unprecedented rise in such cases over the past two years, which the Association says may be an epidemic or a major natural disaster to explain.

What BUPA has discovered is that in many instances benefit is being paid where the claimants are not entitled to receive it. Many claim managers in insurance would say that this happens all the time. One cannot simultaneously give a speedy service and thoroughly investigate each claim. But BUPA says that in some cases benefit has been claimed where the beneficiaries or their representatives knew that they were not entitled to it. One apparent abuse has been to put the elderly into so-called nursing homes where they receive general nursing but no treatment for any specific illness or injury. Mr. Derek Damerell, chief executive of BUPA, claims that some boarding houses have acquired registered nursing home status to take advantage of this situation.

Yet BUPA's present attitude goes against the usual insurance practice of not going back on a claim once admitted unless it has been made fraudulently. The main reason for the BUPA change of policy is that this "long tail" business is very expensive. The average claim period is a couple of weeks or less. The choice facing BUPA was either to continue paying these claims by running down reserves or by putting up subscriptions even further, or to clamp down on payments. It has decided to adopt the latter course.

But is the Association morally justified in taking this action? The answer depends very much on whether the subscribers really understood what insurance they were buying and whether BUPA made it clear at the outset when benefit would be payable, and—more important—when it would not. Medical insurance itself is designed to cover the cost of medical and surgical treatment in the event of injury or acute illness. It does not cover the long-term effects of that injury or chronic illness—that is the function of permanent health insurance, which BUPA says it does not offer.

Eligibility

The rules setting out the eligibility for benefit refer only to treatment. Even now I am not 100 per cent certain, after reading the rules, under what circumstances benefit is payable. BUPA has revised its literature to make the position much clearer and all subscribers are being sent copies with the next renewal notice. But Mr. Damerell insists that the rules have not been changed. Contrary to some impressions, the Association is giving claimants ample warning of BUPA's action, although there is an appeals procedure. At the present time when the demand is growing for the Government to clamp down on abusers of the social security system, one can understand BUPA's action, although Mr. Damerell insists that in the past there was no general laxness in dealing with claims. In the circumstances I feel that BUPA and its subscribers would have been better served by being more rigorous with new claims, rather than clamping down on present continuing claims.

NORTH SEA OIL REVIEW

DOUBTS ABOUT North Sea oil's ability to relieve Britain from its entire debt problems—a point raised by Samuel Brittan in his column yesterday—gave the latest forecasts on the offshore venture's balance of payments impact added relevance.

If any encouragement can be taken from the most recent projections, it is that the figures are reasonably uniform, at least for 1980, when the U.K. is expected to reach energy self-sufficiency.

Professor Colin Robinson and Jon Morgan of Surrey University have prepared a paper, shortly to be published by the Trade Policy Research Centre, which indicates a net trade balance benefit of between £4.5bn. and £8.0bn. in 1980. The benefit in 1985 on the current and capital accounts combined is expected to be between £9.1bn. and £12.2bn. The range is even wider in 1990, with a best guess lying some point between £9.1bn. and £21.2bn. (all converted from the researchers' dollar calculations at £1=\$1.65).

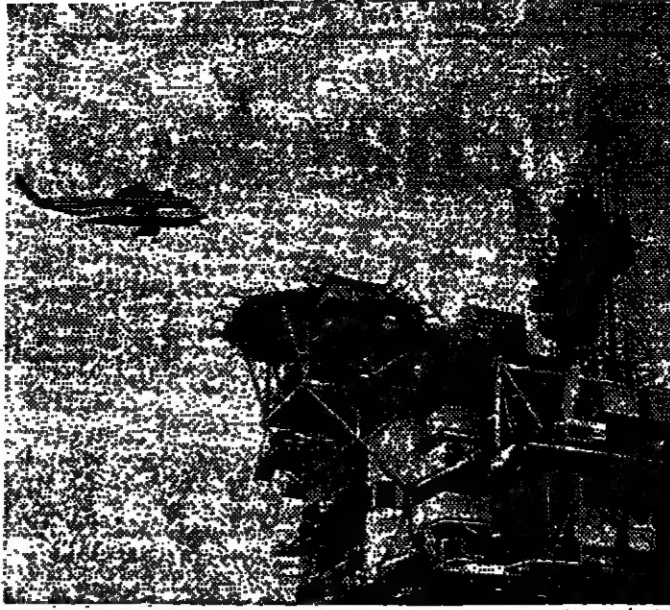
The variance in the possible net benefit of the North Sea oil venture reflects the many uncertainties that still exist. The higher forecasts, for instance, are based on a continuing dollar rise in OPEC-led oil prices and the development of some fields still to be discovered, quite apart from the known reservoirs still to be declared commercial. The more pessimistic figures take account of a possible fall in oil prices and a slowdown in North Sea exploitation.

As a yardstick, the latest published estimates of the Treasury, contained in July's Economic Progress Report, show a net benefit from the oil programme of £1.1bn. this year, rising to £5.5bn. in 1980 and £16bn. in 1985. Figures published to-day by Wood, Mackenzie, are of the same order of magnitude: a potential benefit this year of £1.5bn. climbing to £5.5bn. in 1980. Wood, Mackenzie has arbitrarily assumed an oil price of \$13 per barrel in its calculations. Other assumptions include British industry's ability to supply a greater share of equipment and services for the North Sea effort. There is a

growing insistence by the Government that oil companies should place contracts in the U.K. whenever possible. The insistence, hammered home in the conditions for the latest round of exploration licences, is embodied by the "full and fair opportunity" agreement, accepted by the oil industry. Consequently, it is possible that the overseas suppliers' share in the North Sea development programme could shrink from about 50 per cent of the total market in 1975 to 30 per cent in 1980.

On the other hand, a few important orders placed overseas—such as platform contracts—could seriously taint this encouraging prospect. The Government is expected to make an announcement within the next couple of months about the possible construction of a gas gathering pipeline network for the North Sea. The project could well cost over £2bn. Unfortunately for Britain, there is no domestic capacity to fabricate the large diameter pipe-work which is likely to be needed. As a result, much of that project is likely to be engineered abroad.

British National Oil Corporation has indicated that, along with the British Gas Corporation, it could well be a partner in the gas gathering project. This raises another point relating to deficits and state borrowing commitments. It is known that for the next few years BNOC will have to borrow substantial sums—its limit is set at £800m., although this can be raised to £900m. with Parliamentary consent. Borrowing group has put out tenders for a steel platform and it is thought within the industry that production will be linked with the Brent pipeline system. Loans Fund or from external



The Sikorsky S-61 is the oil rig's work-horse and can carry up to 20 passengers. British Airways Helicopters is pressing for a 50-passenger version of the CH-53.

The Corporation has already assumed control of National Coal Board's offshore interests and the bulk of Burmah's North Sea commitments (including its share of Thistle). As a result of the NCB acquisition, the Corporation is now faced with about 27 per cent of the development plans are still in the development phase. It is known that a steel platform and it is thought within the industry that production will be linked with the Brent pipeline system. Loans Fund or from external

Therefore, a total development cost of between £450m. and £500m. seems a reasonable bet. The fifth round of licences will also result in some hefty bills for BNOC. The Corporation will be a 51 per cent partner in all the new licences (except for those in which British Gas will have a major stake). As such it will be faced with its share of both exploration and development costs.

The Corporation has a number of ways in which it can raise capital to finance these projects, options which make it unique among the State undertakings. It can borrow from the National Loans Fund or from external sources. It can also raise capital by issuing shares. The Corporation has already issued shares to the public. It is also expected to issue more shares in the future. The Corporation's financial position is strong. It has a large amount of cash and reserves. It is also expected to receive a large amount of income from its operations. The Corporation's future prospects are bright. It is expected to play a major role in the development of the North Sea oil fields.

POTENTIAL BALANCE OF PAYMENTS EFFECTS OF NORTH SEA DEVELOPMENTS

	1975	1976	1977	1978	1979	1980
Current account	(790)	(588)	896	1,849	3,071	4,409
Capital account	1,278	2,025	921	880	758	(106)
Interest earned/saved by the extra reserves	—	65	215	418	733	1,195
Total	488	1,502	2,032	3,147	4,562	5,493
	1975	1976	1977	1978	1979	1980
Total	20	1,150	2,000	3,300	4,600	5,800

Notes: The figures are an objective, Mackenzie's figures need to be improved. The figures are for the year ending 1980. The figures are for the year ending 1980. The figures are for the year ending 1980.

TV/Radio

↑ Indicates programme in black and white.
BBC 1
9.30 a.m. For Schools, Colleges.
10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.15 Today. 1.30 News. 1.45 The 10 o'clock Show. 2.00 News. 2.15 The 2 o'clock Show. 2.30 Regional News (except London). 2.55 Play School. 4.30 It's the Wolf. 4.55 Jackanory. 4.40 Froggy and Mr. 5.00 Blue Peter Special Assignment.

All Regions as BBC 1 except at the following times:—

Wales: 1.45-2.00 p.m. Nant-y-Pant. 5.55-7.05 Wales To-day. 7.05 Tom and Jerry. 7.10 Heddiw. 7.35 Tomorrow's Europe. 8.00-8.30 Her Noglad. 9.35 "It's a Dog's Life". 9.50 Kane on Friday. 10.20 News for Wales. 10.45-11.00 "The Rebel" starring Tony Hancock. Scotland: 10.35-10.45 a.m. and 11.30-11.50 For Schools. 5.55-6.05 p.m. Reporting Scotland. 5.55-6.05 Current Account. 10.15 The Good Life. 10.45-10.55 News for Scotland.

Northern Ireland: 5.55-6.05 p.m. Northern Ireland News. 5.55-7.05 News Around Six. 10.15 Gallery. 10.45-10.55 News for Northern Ireland.

England: 5.55-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Southampton); South To-day (from Plymouth); Spotlight (from Birmingham); The Object in Question; North-West (from Manchester); Home Ground; North-East (from Newcastle); Little Moscow; Midlands (from Birmingham); Management Course; West (from Bristol); Waugh Talk; South-West (from Plymouth); Peninsula; South (from Southampton); The Young Question; East (from Norwich) on Camera.

BBC 2
7.05 a.m. Open University. 11.00 Play School. 2.15 p.m. Racing from Newbury. 5.30 Open University. 7.05 News. 7.25 News. 7.35 News. 7.45 News. 7.55 News. 8.05 News. 8.15 News. 8.25 News. 8.35 News. 8.45 News. 8.55 News. 9.05 News. 9.15 News. 9.25 News. 9.35 News. 9.45 News. 9.55 News. 10.05 News. 10.15 News. 10.25 News. 10.35 News. 10.45 News. 10.55 News. 11.05 News. 11.15 News. 11.25 News. 11.35 News. 11.45 News. 11.55 News. 12.05 News. 12.15 News. 12.25 News. 12.35 News. 12.45 News. 12.55 News. 1.05 News. 1.15 News. 1.25 News. 1.35 News. 1.45 News. 1.55 News. 2.05 News. 2.15 News. 2.25 News. 2.35 News. 2.45 News. 2.55 News. 3.05 News. 3.15 News. 3.25 News. 3.35 News. 3.45 News. 3.55 News. 4.05 News. 4.15 News. 4.25 News. 4.35 News. 4.45 News. 4.55 News. 5.05 News. 5.15 News. 5.25 News. 5.35 News. 5.45 News. 5.55 News. 6.05 News. 6.15 News. 6.25 News. 6.35 News. 6.45 News. 6.55 News. 7.05 News. 7.15 News. 7.25 News. 7.35 News. 7.45 News. 7.55 News. 8.05 News. 8.15 News. 8.25 News. 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Rashomon

by NIGEL ANDREWS

Bruno Ganz and Edith Clever in 'The Marquise of O'

The Entertainment Guide is on Page 14

Young Peter, regimentally but not incurably played by David Sands, guarantees the warmth of his welcome by producing a bottle of superior hard stuff. If the short entertainment has any discernible shape, it is governed by the brilliant performance of Bill Paterson as Father, whose rascally purple face follows the bottle and the generation to the apocalyptic conclusion as his dominating fantasy is suddenly destroyed in an eruption of filial bad temper. Father has been forgotten for years that he sees Ben Logan and within his brought effortlessly to the boil as the company sink deeper into their cups and, on the way, loosen up into passionately intimated arguments about the Scottish poetry and Patrick Thistle.

Stuart Munzall directs with a spirit and spontaneity true to the text, and there are superbly raucous performances from John Norton as John MacGillies as the long-suffering mother and Sara Ballintyne as the sort of life-and-soul auntie whose skin is as thick as the make-up that covers it.

Music by Blavet ended this
recital in the Wigmore Hall's
"French Week," and the
remainder of the programme was
equally rare and interesting,
bringing together harpsichord
and flute music of the later
17th century. A group of
pieces by François d'Agincourt,
only known to me as an organist
contemporary with Daquin, had
a grave and serious charm
(especially the Sarabande "La
Magnifique"); and the slightly
better-known music of Jacques
Duphly showed a nice mixture
of French and Italian influences,
much of it played beside the
Rameau and Couperin pieces
which were also included.

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Ireeneva built over
11 centuries ago.

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ELIZABETH FORBES

audience, the father refuses to open. The Marquise bursts in, the father retreats to his inner study, and the Marquis follows. The father reaches for a glass and fires into the woods air, the mother (also present) swoons into a chair. The Marquise runs away in disgust and leaves, and the father, in a fit of rage, slapping the mother's face back to life.

Rohmer's actors have caught the mock-heretic mood of the film. The Marquis, played by Jean-Pierre L  aud, is a charming, elegant, mournful in a series of ever more capacious addresses, the puntillone gallery of Bruno Ganz's Count, Peter Schneider's Edmond de Saligny, and Catherine Deneuve's Countess de Bernierine's added parents. With the additional distinction of Nestor Almendros' luminous photography—an exquisite range of tones and grays—the film, *The Marquis de Sade*, offers a feast

Based on a story by Kleist, the play is set in the Napoleonic wars. The Marquise of the title, a young widow with two children, narrowly escapes rape during an attack on her father's castle. Some weeks later she is visited by the man who rescued her, a Russian count, who asks for her hand in marriage. At once flattered and affronted by his oddly insistent manner, she asks for time to think. But no sooner has the young man's proposal been gently deferred than the Marquise discovers that she is pregnant. To her shocked parents she protests her innocence. But they, oscillating between disbelief and indignation, banish her and her children to the country. In a last bid to clear her name, the Marquise places an advertisement in a newspaper, asking the man who

The Sherman, Cardiff

by GARRY O'CONNOR

This is an unusually polished and well-thought-out production by Philip Grout and the Welsh Drama Company: their open stage, so useful for Brecht and Goldoni, has been narrowed down and well-focused in Alexander. McPherson's decorous

pendant as Old Ekdal, his deep and resonant voice slipping to the very roots of Ibsen's marshy symbolism. Ronald Lewis is not less colourful a figure as his son, plunging from the heights of romantic despair to financial catastrophe, from scientific speculation to a black suspicion; although to a rich and diverse performance. Dawn Addams plays a restrained and steady heroine; undemonstrative, very ordinary, a performance whose worth lies in its refusal to be melodramatic.

Michael Byrne's grishous self-righteousness as Gregers has almost a Molleresque ring at times: not so much a haunted and extreme individual but a destructive and only too easily recognisable seeker after perfect truth. The fine, delicate playing of Suzanne Williams as Hedvig also gives good value.

Theatre Upstairs

by MICHAEL COVENEY

As if there wasn't enough to
 us with already there this
 little thing. No. No. It is
 impossible to Anglicise the Glas-
 gwegian idiom, flair, rhythm and
 naives of this extraordinary slab
 of a show that comes roaring into
 the square from the Edin-
 burgh Festival fringe and,
 in the border, the stage of the
 world. Aberdeen is a thriving
 community group of travelling
 players; their playwright on this
 occasion is none other than Billy
 Connolly, "The Big Yin".

There is a roomy, airy, airy hall
 of a member flat where father,
 mother and elder son are
 gathered to welcome home
 the younger son on leave from the
 Army and Aldershot. The parent,
 on an excuse for the seagut,
 has a taste of job, senti-
 mental abuse, songs and ritual
 declaration that attains the

incredible distinction of suggesting that plays about family life are still viable contemporary theatrical forms despite the fact that the arts of Tennessee Williams, John Osborne and David Storey.

Young Peter, regimentally but not incurably played by David Sands, guarantees the warmth of his welcome by producing a bottle of superior hard stuff. If the short entertainment has any discernible shape, it is governed by the bottle. First, the bottle. Bill Paterson as Father, whose colorfully purple face follows the bottle and conversation to an apposite conclusion as his own sustaining fantasy is suddenly destroyed by an eruption of filial bad temper that he has imagined for years that he sees Ben Longdon from within his

peeling walls; Peter has joined the professionals; John is a professional who comes closest to voicing Connolly's own brand of aggressive disenchantment.

These character elements are brought effortlessly to the boil as the company sink deeper into their cups and, on the way, loosen up into passionately incoherent arguments about the War, Scottish poetry and Patrick Thistle.

Stuart Mungall directs with a spirit and spontaneity true to the text, and there are superbly raucous performances from Alex Norton as John, Margot Gillies as the long-suffering mother and Sandra Matheson as the sort of life-and-soul uncle whose skin is as thick as the makeup that covers it.

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EUROPEAN NEWS

Italy may face further austerity squeeze today

BY DOMINICK J. COYLE

A FURTHER phase in the Italian Government's austerity programme is expected to be agreed at a meeting here to-morrow of the Cabinet presided over by the Prime Minister, Sig. Giulio Andreotti. This may include sharp increases in electricity and telephone tariffs and selective rises in value-added tax on a range of imported items.

Ministers are also understood to be considering the introduction of some form of meat "rationing," although tentative proposals envisage restricting butchers selling meat on a number of days each month rather than a specific quota system as such. The most likely consequence of such a measure here in Italy would almost certainly be to encourage a black market in meat rather than any significant reduction in imports.

The Cabinet will also have before it tomorrow two other major

problems—trade union proposals to replace the planned blocking of threshold payments for higher-paid workers with a special tax, and the continuing drain of the country's limited reserves in trying to support the lira at its present rate.

All three main trade union confederations have now told the Prime Minister that, in effect, they are opposed to the principle of interfering with the existing system of threshold payments and favour instead a form of surtax on wages in excess of Lire 8m. (\$5,500) annually.

The Government's own measure, which has already been published as a decree law and is thus subject to subsequent Parliamentary approval, provides for a reduction by 50 per cent. in threshold payments to workers in the private sector, and its complete abolition for a two-year period above that level.

The Government's own scheme is already a compromise, since some ministers (and the Bank of Italy) were arguing strongly for the abolition for at least six months of all automatic ceiling of living increases. Thereafter, threshold payments would be on the basis of a newly-assembled cost of living index which excluded items over which the Government has no control—such as the cost of imported petrol, sum products—and a range of imported goods of a semi-luxury variety.

Support intervention by the Bank of Italy since the special temporary 10 per cent. surcharge on foreign currency transactions was lifted last Monday has been considerable and highly expensive in terms of Italy's limited usable reserves, and the resulting apparent substitution of the rate against the U.S. dollar in the range of \$68/\$70 is thus largely artificial.

Demirel warns U.S. on defence

BY METIN MUNIR

ANKARA, Oct. 21.

MR. SULEYMAN Demirel, the Turkish Prime Minister, today said that he expects the U.S. Congress to take up the new Turkish-American defence agreement at the shortest possible time after the U.S. elections and warned that the prolongation of the matter could open the way to "new erosions and shocks" in the relations of the two countries.

Mr. Demirel shut down the U.S. bases in Turkey and agitated the Turkish-American joint defence agreement in July last year. A month after the U.S. Congress decided to punish Turkey for intervening in Cyprus by putting an embargo on arms supplies.

In March this year the two states signed a new defence treaty in Washington, under which Turkey would receive over \$1bn. worth of arms in exchange for resuming the use of the bases.

The Congress did not take up the ratification, which is opposed by the powerful Greek American lobby, due to the approaching elections.

"We are expected these (Congressional) debates to be completed at the shortest possible time following the elections," Mr. Demirel said in a speech here.

"Obviously it is in the advantage of both sides to act swiftly. The prolongation of the

ratification of the agreement could open the way to new erosions and shocks in Turkish-American relations. It must be conceded that these relations, which have suffered a period of serious crisis, cannot tolerate new experiments," Mr. Demirel cautioned.

The Prime Minister said that he sincerely wished to avoid such an eventuality and that up to now the American government had shared Turkey's opinion on the importance of their bilateral relations.

Mr. Demirel also said that Turkey wanted to resolve the Cyprus problem and other matters with neighbouring Greece in a peaceful manner.

Restrictive budget in Austria

BY PAUL LENDVAY

PRESENTING what he described as a "restrictive" budget for 1977, to the Austrian Parliament today, Finance Minister Dr. Hannes Androsch announced that the Austrian gross national product (GNP) next year should grow in real terms by five per cent. He confirmed earlier reports that this year's budget deficit (the Austrian budget year coincides with the calendar year) will reach Sch.48bn. (\$1.6bn.), instead of the originally projected short-fall of Sch.37bn.

Next year's budget will close with an overall deficit of Sch.43.6bn., the Minister said, compared to the results this year, expenditures in 1977 will rise 7 per cent., while the nominal growth rate of the GNP should

be 11 per cent. The Minister starts from the assumption that, barring unforeseen developments, the stabilisation budget (as the supplementary budget allocations are called) Sch.6.3bn. will not be shown by the unions in the next year, to be tapped.

While Mr. Androsch gave a generally optimistic account of the Austrian economy, he also warned that the budget could only have more scope for manoeuvre if the foot is taken from the accelerator pedal. The budgetary forecast depends on the degree of restraint which will be shown by the unions in the forthcoming pay round. The Treasury chief quoted the latest forecast, predicting a rise of 6 per cent. in consumer prices next year, as against a projected 7.3

per cent. in 1976. Private consumption in real terms should be up by 4 per cent., exports by nine and imports by 7.3 per cent. next year, on a seasonally adjusted basis. More than Sch.12bn. will have to be spent on debt servicing.

The function of East European elections—in which only one list of candidates is presented and automatically returned—is to serve as a setting for passing the country's economic and political pronouncements of ideological commitment, and countless pledges to work harder and overfulfil plan targets.

CZECHOSLOVAKIA'S ELECTIONS

Division in the party ranks

BY A SPECIAL CORRESPONDENT

The function of East European elections—in which only one list of candidates is presented and automatically returned—is to serve as a setting for passing the country's economic and political pronouncements of ideological commitment, and countless pledges to work harder and overfulfil plan targets.

Recent events in Czechoslovakia, on the eve of elections held today and to-morrow (October 22-23), present a departure from this stale scenario, indicating that there must be considerable turmoil at the highest party levels, in speeches by top party officials the traditional themes of solidarity and progress have been replaced by criticism of the country's economic performance and calls for far-reaching changes. Some of the strongest criticism is coming from the dissidents, but from important party officials.

The feeling is widespread in Prague that after eight years of political stagnation, referred to as President Gustav Husak's process of normalisation, signs of change are beginning to appear.

Ailments

The tone was set by the Prime Minister, Mr. Lubomir Strougal, in a speech to the party's central committee in early September. He not only detailed the country's economic ailments, with a particularly strong attack on incompetent management in the engineering industry (Czechoslovakia's prime foreign exchange earner), but also called for replacing negligent and irresponsible officials in management with people chosen on the basis of their experience and capability.

That speech was immediately followed by the dismissal of the Agriculture Minister, Mr. Bohuslav Vecera, and two Deputy Premiers, Mr. Frantisek Hanzlik and Mr. Jan Cernoch. Most observers regarded these changes as insignificant in themselves, but they were indicative of further shuffles at various levels of government, particularly in economy-related posts.

Reportedly, there was considerable controversy within the central committee on whether or not Mr. Strougal's speech should be made public, with strong opposition from the conservative wing. A compromise decision was reached to publish part of the speech. Given that the 20 pages published were in effect a staff, people inevitably began to wonder how much stronger the suppressed sections must have been.

The speech served as a signal for similar statements from other leading functionaries. Criticism followed upon criticism, lambasting every aspect of the economy, ranging from agriculture through transport and foreign trade to

the most sensitive area, the power and petrochemical sector. A clear division is beginning to crystallise in the leadership on how to solve the serious economic problems. The dissidents, who have been demanding radical change, if not a full-fledged liberalisation, seem to be emerging as the dominant force.

Mr. Husak is regarded as the man representing continuity and stability. His position is generally held to-day and to-morrow. There is an evident loosening of open confrontation with the orthodox, hard-line faction, personified by Mr. Vasil Bilak, who retains his function as the man responsible for ideological questions, but whose public appearances have become less frequent in recent times.

The group receiving increasing prominence is generally described as "the new technocrats," espousing a more liberal approach to the economy and economic sphere. Men associated with this group include Mr. Antonin Kapek, head of the Prague party organisation; a Politburo member, Mr. Josef Dabek, and even Mr. Strougal himself, all of whom are said to speak the language of technocrats, as one Czech put it.

But the labels of liberal, conservative, technocrat, or hard-liner are used by most Czechs. One Czech put it succinctly: "We are not going to let them make fools of ourselves again." If anything, there is a feeling of disillusionment and resentment against the whole ill-fated liberalisation of 1968.

A current interpretation of the Prague Spring of that year is that it was a struggle between generations. The men who came to power in 1948 were basically men of the party machine. In the intervening years a new generation of functionaries grew up who had acquired expertise, were reaching the age of 50, and made their bid for power. With Mr. Alexander Dubcek came the opportunity for power. With his demise power reverted to the older generation of orthodox conservatives. The result is a critical vacuum in precisely those areas where competent decision-making is most badly needed.

The disillusion with 1968 spills over into a strong scepticism about those who are now preaching reform. Although it is apparent that there is some movement, it is equally clear that what is taking place now has little to do with the liberal reforms of Mr. Dubcek or even the economic restructuring then called for by Professor Ota Sik. In 1968 the basic assumption was that one could not have economic change without current political reform. Concern to-day revolves exclusively around the economy.

The Czech standard of living is higher than that of other East European countries since a consciously consumerist policy was intended to keep the people

acquiescent. Hence the shortage of meat in most shops and the dimmed street lights to save energy make a strong impression. The situation is aggravated by the fact that while the supply of meat is sufficient, it is not in terms of quantity then at least in quality, the amount of money available is still very large. Private savings accounts increased 47 per cent. last year.

"There is no sense in buying a new Skoda when your 10-year-old car is still running and the new model is virtually identical," one Czech complained.

The result is that productivity is dismal. Although the official wage is K2,300 a month, most Czechs earn considerably more by moonlighting. Many office employees leave work on Friday at noon and come back some time on Monday, spending extended week-ends at the growing number of private country houses. Official statistics indicate that only 1.2 shifts out of three are fully worked in industry.

Exacerbated

The economic difficulties stem in part from the increased prices which Czechoslovakia has to pay for its oil and other raw materials from the Soviet Union, and are exacerbated by the fact that the Soviets are unwilling to increase deliveries of crude to cover future Czechoslovak needs. On the export side, the prolonged lack of investments to modernise industry is making its products less and less competitive, even in other Comecon countries, which are becoming more selective in their purchases of technology and equipment and where possible prefer to get it from the West. Mr. Strougal hinted in his speech that both conditions for raw material imports and in export markets could worsen in future.

There are signs of disillusion with the Soviet Union evident in the speeches made by Mr. Strougal and other officials, who emphasise Czechoslovakia's deteriorating position on world markets, not only in the West. The Soviets, in their turn, are reported not to be happy with Czechoslovakia's record for meeting its economic commitments, with constant problems of on-scheduled deliveries and persistent sub-standard goods made available for soft-currency sales, particularly in the engineering sector.

It is clear from recent official statements that the lack of qualified managers in responsible positions has to be considered as a major reason for the present state of affairs. One official admits candidly that the reason usually given for the impasse in the economy was the shortage of labour and production capacity. The real reason is lack of proper organisation.

The crisis is that management

N. Koreans refuse expulsion

ROME, Oct. 21.

Four North Korean diplomats, ordered to leave Finland in the latest ramifications of a Scandinavian smuggling scandal, yesterday refused to go. Their spokesman said the Finnish Government "must review the illegal decision to expel four members of our mission here."

They were ordered to leave within six days after Finnish investigations into the expulsion of North Korean diplomats from Denmark and Norway for selling Danish newspapers have suggested that profits from the smuggling operations were used to finance the operations of the North Korean President Kim Il Sung.

A spokesman at the North Korean mission in Helsinki said: "The truth is that a subversive and professional-style thief has stolen goods from the North Korean stores and sold them."

World steel up

Non-Communist world steel production rose by 11.3 per cent. compared to September, 1976, according to figures released by the International Iron and Steel Institute. IISI reports from Brussels. Totals were 33,071,000 metric tons for September, 1976 and 34,181,000 metric tons for September, 1977.

The increase for the first nine months of 1976 was 336,098,000 metric tons against 318,473,000 metric tons for the same period last year, an increase of 5.5 per cent. The September increase was highest in Britain (21.9 per cent.).

Lisbon Press probe

A Portuguese Government commission has started a six-month investigation of Portugal's State-owned newspapers with the aim of recommending measures to halt big financial losses. Reuter reports from Lisbon. According to the Secretary of State of Information, Sr. Manuel Alegre, the country has spent Escudos 1.5bn. (\$29m.) in the past year and a half to keep 4,000 people employed in the newspaper industry. Portuguese State-owned newspapers became a pro-Communist administration nationalised the banks which owned them.

Irish Minister stays

The Irish Parliament yesterday rejected a bid to sack Defence Minister Frank Ryan over his criticism this week of the republic's President. A motion calling for the dismissal of Mr. Donegan from the Cabinet was defeated by 53 votes to 55 after a short debate in the Dail, PA reports from Dublin.

French economy 'can only recover slowly'

BY DAVID CURRY

THE FRENCH Government has reaffirmed that the best the country can hope for is a very slow economic recovery, dependent on severe restraint in wage increases and in state spending. While claiming, in the debate on the 1977 budget, that there was every chance of a sustained improvement, the whole emphasis of ministerial speeches has been on the need for discipline and caution.

Mr. Michel Durafour, a Minister handling economic affairs and finance, made clear in the National Assembly that there would be no rapid decline in unemployment, which currently affects some 941,000 people. The Government was forecasting a 4.8 per cent. growth in volume for 1977, on a par with this year's performance, and it seemed unrealistic to hope for anything better which would enable unemployment to be brought down more quickly.

Failure to observe wage restraint, he warned, would simply push up the jobless total.

Mr. Durafour indicated that the Government was aware of two important problems: too slow a growth in exports, and the inability of companies to

finance their investments. "It was striving ways of helping companies to meet their investment needs without having recourse to price increases. He also repeated the Government's insistence that the growth in monetary mass should correspond to the increase on the value of GDP, while it was realistic to aim for a budget back in equilibrium. The reining-in of the growth in expenditure, particularly in the creation of public sector jobs, was an important element in this strategy.

The Government was sticking by its setting of a 6.4 per cent. figure on price increases for next year, though this would serve as a reference level for the Government's own decisions. Mentioning briefly the structural reforms which have been promised as a complement to the immediate measures of austerity, Mr. Durafour said that studies were under way on four problems: the re-establishment of competition, putting social security finances on a firm footing, understanding more clearly income formation, and the re-evaluation of state spending, particularly its intervention in the economy.

EEC nuclear site sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 21.

AFTER ALMOST a year of fruitless discussions, EEC research Ministers today got down to bargaining which promises to lead to a decision on the siting of the Community's thermonuclear fusion project. Though Ministers failed to reach final agreement to-day on the size of the new four-year budget for the joint research programme, the prevailing view among European officials is that they are now pressing along the right lines to remove the major obstacles in the way of the project.

The planned JET programme would involve a commitment by the nine to several decades of advanced research, aimed at producing cheaper energy. It is regarded by scientists as one of the most promising areas of research in which Europe stands to gain a lead over the U.S.

It is expected that discussions on the relative merits of the four main sites under consideration will get under way at the next Council meeting in mid-November.

At which Ministers also plan to examine further the proposed research budget of 374m. units of account (about £160m.). Final agreement on the budget was stalled to-day, partly because of British insistence on a 30 per cent. cut in staffing levels at the Community's research centre, smaller cuts were advocated by France and Germany.

European officials warned privately against the U.K. pressing its demands for budgetary savings too far, in case it created political ill-feeling which might jeopardise the chances of the Culham research facility near Reading being chosen at the JET site.

Apart from Culham, the three other facilities under consideration are Cadarache in France, Garching in Germany, and Ispra in Italy. Though the choice of Ispra has been backed by the Commission, indications are that it is losing favour in the contest.

The decision on the research budget is likely to be linked to the eventual choice of a site,

MALTESE POLITICS

Borg Olivier at the crunch

BY GODFREY GRIMA, OUR MALTA CORRESPONDENT

MALTA'S opposition Nationalist Party, which last month failed to oust the Labour Government from power in the elections, is now engulfed in a bitter squabble over the party leadership. On the one hand, an increasing number of party officials is insisting that Dr. George Borg Olivier, the old veteran, who has led the Nationalists for more than a quarter of a century, is steadfastly refusing to make way for a younger man, at least for the time being. On the other, the party's 500-strong general council, made up of delegates from every town and village on the island, goes into convulsion in defence of the party's status, the leader must be confirmed in office not later than three months after the elections. Another party body, the national

Dr. Borg Olivier's removal and making it clear that the council must-morrow will be asked to take a secret vote when his stewardship comes up for approval. To have him forced out now, his supporters argue, would appear as though he was being ignominiously cashiered for failing to put the party into power. That could create a trauma likely to weaken if not split the party. The Borg Olivier camp adds that the move would be the ultimate in ingratitude. The party's crowning glory came in 1966 when Dr. Borg Olivier successfully negotiated Malta's independence from Britain, and then led the island into building a new, civilian-based economy.

Party secretary Dr. Guido Dimech points out that the difference between forcing the issue now, and leaving Dr. Borg Olivier to make up his own mind when to leave, is similar to the distinction between death and euthanasia.

An increase in the vote in September was not enough. The party needs to win voters from the rival Labour camp by convincing lower-income voters that it is not the party of the rich.

Why then is there such a stiff resolve within the party's upper levels not to yield the crisis? Those demanding Dr. Borg Olivier's removal believe that the party is unable to promote the image that could regain it power. An increase in the vote in September was not enough. The party needs to win voters from the Labour camp by convincing lower-income voters that it is not the party of the rich. Dr. Borg Olivier's aloof stance, it is claimed, denies the party needed credibility in addressing workers on the eradication of social imbalances.

Dr. Borg Olivier is also being charged with having lost the ability to provide solutions to modern problems and with failing to meet the expectations of grass-roots supporters. A case in point was his refusal to appear in person at a debate on television. Young party members complain that they draw no political inspiration from their leader. One who gained a parliamentary seat at the election admitted: "I cannot call which is spreading among the rank and file, for a new leader. Failure to beat Mr. Minto at the polls did not stop the Nationalists from emerging problems someone like Mr. Minto. With their 100,000 votes, the Nationalists now trail the Labour Party. Nationalist MPs have often been unable to maintain a consistent line during debates. Dr. Eddie Fenech Adami, who may be appointed leader after tomorrow's meeting, stands for steering the party to the left only because various factions are vying to win the participation and profit-sharing leadership wrangle for the elections. Now those pressing for

executive, has decided the issue should be tackled now. This, Dr. Borg Olivier, promises to be the night of the long knives. But, unless those pressing for his removal succeed in carrying through their schemes, they will have blown their chances of fighting the next elections in 1981 with a younger man at the helm, unless Dr. Borg Olivier gives up the leadership in the meantime.

Last month's election defeat is not the principal cause, for the call, which is spreading among the rank and file, for a new leader. Failure to beat Mr. Minto at the polls did not stop the Nationalists from emerging problems someone like Mr. Minto. With their 100,000 votes, the Nationalists now trail the Labour Party. Nationalist MPs have often been unable to maintain a consistent line during debates. Dr. Eddie Fenech Adami, who may be appointed leader after tomorrow's meeting, stands for steering the party to the left only because various factions are vying to win the participation and profit-sharing leadership wrangle for the elections. Now those pressing for

Grain aid to E. Germany

BY LESLIE COLITT

BERLIN, Oct. 21.

EAST GERMANY is to receive 1m. tonnes of grain from the Soviet Union over a 12-month period beginning early next year. Deliveries have been halted last year following the bad Soviet harvest.

East Germany's Communist Party leader, Herr Erich Honecker, said recently that the Soviet Party leader, Mr. Leonid Brezhnev, promised East Germany a "significant amount" of grain, but did not specify how much.

The 1m. tonnes from the Soviet Union, according to East German economic officials, is what yield 73m. tonnes.

East Germany normally received up to 1975, but this amount had now become insufficient. East Germany imported 3m. tonnes of grain from the West last year. The advantage of grain imports from the Soviet Union is that these are paid in transferable roubles and not in scarce Western currency.

The East Germans say they will still have to import some 5m. tonnes of grain from the West, mainly from the United States, to make up the difference between consumption of about 11m. tonnes and the current harvest which is expected to be 6m. tonnes.

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Detroit, Michigan
October 1976

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هكذا من الأهل

Both parties fearful of voter apathy as poll date nears

DAVID BELL

WASHINGTON, Oct. 21.

MAJOR political parties are seriously concerned about the high level of apathy that appears to be persisting in the final days of the election campaign, and more likely, the date at which the election will be held. The election, which may decide the outcome of the election, will be held on November 2. Here, the election, which may decide the outcome of the election, will be held on November 2. Here, the election, which may decide the outcome of the election, will be held on November 2.



Presidential Election

has failed to break through to Democratic voters in traditionally Republican areas of the state, President Ford's support is being often described as the lesser of two evils. With many candidates considered to be different candidates there is a great deal of uncertainty as to whether or not people will vote when the time comes. Meanwhile there are still a number of undecided voters for whom the election is a matter of debate and whatever the outcome could well make the difference. Both men will be in Ohio next week with

Prices rise slightly as earnings decline

By Our Own Correspondent

WASHINGTON, Oct. 21.

AMERICAN CONSUMER prices went up by 0.4 per cent. last month, the smallest increase for six months. However, real earnings in the month fell by 0.5 per cent., largely because of a shorter working week.

These are the last major economic statistics to be released before the election and the consumer price figure will at least come as some consolation to President Ford after publication of a number of other statistics that have cast doubt on the health of the economy. The relatively modest increase was largely due to the fact that food prices were unchanged in September. There was a 0.4 per cent. rise in the index of industrial commodities.

As measured by consumer prices, the rate of inflation in the third quarter was at an annual rate of 5.8 per cent. The gross national product figures revealed earlier this week put the inflationary aspect of GNP at an annual rate in 4.4 per cent. in the July-September period. American popularity in Western Europe has fallen to its lowest point for more than 20 years, according to a poll taken for the U.S. Information Agency during the summer in Britain, France, Italy and West Germany.

ECONOMIC ISSUES IN THE U.S. ELECTION

Simple slogans on both sides

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

EVERYBODY agrees that there has been no overriding substantive issue in the course of the U.S. Presidential Election campaign, but there is a sort of consensus that the state of the economy is the underlying issue. The economic-political debate is of a very simplified nature. To a Democrat, the economy translates into certain signal words—jobs, the pocketbook, inflation and all the numbers that are associated with them. The Republicans are no different. Their signal words are equally simple like fiscal responsibility and stability, and their numbers invariably centre on the prodigies of a Democratic Congress, budget deficits, and the national debt.

It had looked earlier this year as though the Republicans, occupying the Administration, had managed to turn the trick of getting all their numbers, and some of the Democrats', moving in the right direction in the run up to the election. In the first quarter, Gross National Product rose at an annual rate of over 9 per cent.; prices went up by little more than 3 per cent.; and unemployment fell below 7.5 per cent. Even some Democrats wondered if they could afford to make the economy an issue, lest they fall into President Ford's trap.

It is different now: the economy, in the official jargon, is in a state of "pause"—but it

is a pause that seems to be lingering as awfully long time, embargo) by at least 10 per cent. Real growth by the third quarter was down to 4 per cent. per annum, not enough to make a dent in an unemployment rate that had gone up to closer to 8 per cent. The rate of inflation still appeared to be reasonably low (4.4 per cent. as measured by the GNP deflator in the third quarter), but last month both wholesale and industrial commodity prices rose at an annual rate of 10.8 per cent.

There appears to be doubts whether things are going to get better quickly. The index of

others that they had been more than what the politicians now propose to do about it. The consensus among economists is to type. So economic issues are again being reduced to the level of time-honoured political charge and counter-charge and not particularly enlightening for it. The Democrats are sticking to their bread and butter issues. The Republicans feel that they can nail Mr. Carter on taxes (on the basis of unguarded remarks about greater equity in the tax system which have subsequently been shamelessly distorted). This is where electioneering while the implication of the

The state of the economy and the direction it is likely to take matters more than what the politicians now propose to do about it.

leading economic indicators fell by 1.5 per cent. in a month, goes out of the window. To be fair, both President Gerald Ford and Mr. Jimmy Carter tried to conduct a serious economic debate the first time they confronted each other on national television a month ago. Mr. Ford actually talked about the Fed's monetary policy (and got nearly all of it right), while Mr. Carter, in a departure from convention, actually treated 100m. point out that in the midst of all this uncertainty the OPEC coun-

Democrat onslaught is that because Mr. Ford plays golf with steel lobbyists he does not care that nearly 40 per cent. of black teenagers are out of work. All this has tended to leave both the real economic concerns of the people and the real state of the economy as subjects which do not seem to be considered for public discussion. Blacks, or Chicanos, or steelworkers, or anyone else, except occasionally in the speeches of Mr. Simon or Mr. Carter's vice-presidential candidate, Senator Walter Mondale. The tentative conclusion, therefore, is that the state of the American economy and the direction it is likely to take matters they will.

Some of the ways we have stuck by our Principals for over 140 years.

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To put it simply, we are Crown servants.

whose office it is intended should become, subject to legislation, a Public Corporation. Our function is to serve overseas governments and state organisations—our Principals—in whatever way they need professional help.

It could be a request for a simple piece of equipment. Or we could be asked to plan a major project, cost it, supervise the construction, supply all the materials, select the people, train the local staff and stay until the project is operating at 100% efficiency.

Whereas some of this equipment was shipped in the normal way, the rest went by



semi-submersibles which were submerged and stacked with the remaining equipment. Each of these 'semis' was about the size of a football pitch. Then they were refloated and towed out by tugs from Amsterdam and on to the port of Apapa.

The problems at the port are still acute, but the discharge rate has now risen from 2,000 to 24,000 tons a day.

In Jordan, we are working on three pipeline projects as part of a massive scheme to improve the country's water supplies.

48 kilometres of new pipeline will bring water to Irbid; another 64 kilometres are being laid to supply Aqaba; and a feasibility study is under way for more pipelines, pumping stations and Jordan's first surface water treatment project.

We were asked by the Nigerian Railway Corporation to handle the procurement of new rolling stock and evaluate the tenders that came in from all over the world.

An order for 20 shunting locomotives has been placed and the award of contracts for other types of rolling stock to the value of £56,000,000 is under consideration. These contracts will include 55 main line locomotives, 150 passenger coaches and 10 powercars, 450 hopper wagons, 190 covered wagons, 100 cattle wagons, 10 pig wagons, 20 car transporter wagons and 32 brakevans.

We have just completed a study of rural roads in Ethiopia, and have begun the building of 400 kilometres of roads in Wollo Province.

It's an experimental task in that the brief is to build as many kilometres as possible in as varying a terrain as possible. We are comparing two methods of road construction, labour intensive as against intermediate technology.

With £1.7 million allocated to the task, we are building roads for an average cost of \$20,000 a kilometre.

Based on the results of these experiments, the British Government, along with the World Bank and other donor agencies, will be financing many other roads in Ethiopia.

You might think that, as more and more nations become self-supporting, demands on our services would be lessening. However, the reverse is the case.

In the past years, our services and activities have grown to such an extent that we are now able to offer our Principals a greater range of help for their requirements than at any time in our 143 years.

And these Principals know that with the



Crown Agents they are getting the best advice and the best value their money can buy.

What stronger recommendation could there be?

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U.S. power commission cuts gas price rise

JAY PALMER

NEW YORK, Oct. 21.

U.S. Federal Power Commission (FPC) in a major revision of what it considers to be "old" natural gas prices, effectively cut back large rises awarded to gas producers last July and thus sharply reduced the likely forthcoming increase in consumer heating costs. The FPC thus effectively prevents gas producers from reclassifying their gas and getting the higher prices by closing existing wells and re-drilling 100 yards down the road.

At FPC spokesman this morning stressed that this move could not be read as opposition to arguments that the only way to conserve energy in the U.S. is to lift prices. He noted that while this argument could apply to petrol for cars, the main use of gas falls in such essential areas as home heating and cooking. The effect of the FPC move is to reduce by 1.3 trillion cubic feet (from 2.19 to 1.6) the amount of annual gas production classifying for higher prices. In value terms, the estimated increase in consumer costs falls from a real figure of \$2.04bn. under the July increases to \$1.46bn. Further effective price cuts could be coming. The Commission let it be known that it is studying and could act upon an internal recommendation to reduce the "medium-age" gas prices from \$1.01 to 93 cents. No estimate was given as to the likely impact of such a reduction on consumer costs.

Bellow wins Nobel prize

JOHN WALKER

STOCKHOLM, Oct. 21.

Nobel Literature Prize has been awarded to Saul Bellow for his understanding and analysis of contemporary life that are combined in his Swedish best-seller, *Humboldt's Gift*.

Bellow is probably best known as a novelist and short story writer, although he has many other plays, novels and short stories. In 1937 he completed his first novel, *The Adventures of Augie March*, and in 1945 he became a writer. He has won one or more of the various prizes awarded by the University of Minnesota, Princeton University and the City of Chicago. The year is valued at \$900 (\$98,000). Saul Bellow winning the Nobel Prize, all the Nobel Prizes, except for the Peace Prize, which was not awarded this year, have gone to Americans. This is the first time the inception of the prizes that the U.S. has won all the prizes in the same year. The Nobel Prize was jointly

S-Guyana row over air crash

of words has broken out between Guyana and the United Kingdom over Prime Minister Forbes Burnham's charges of complicity in the apparent crash of a Cubana Airlines aircraft off Barbados on October 6. The American charge

d'affaires has lodged a strong protest and, according to one report, a State Department spokesman said Mr. Burnham was guilty of "bald face lies." Meanwhile, Ministers and civil aviation experts from Guyana, Caribbean countries met in Port of Spain yesterday after failing to agree on who should take legal action over the crash.

agreement it could easily ex-
cite bitterness and drive
when the support of such a
as Iraq, which has its own
in Lebanon but was not
sulted at Riyadh, and Alger
canvassed.

Agreements between se partners, especially those secret clauses, inevitably lead to wide differences of pretation, and it is pointed out that last week-end's summit was the first in recent months at which Syria and Egypt agreed to resume relations at ambassadorial level. Funds, Saudi Arabia have dried up the past. Wider endeavours means that more parties are entitled to a fuller say in happens in Lebanon. Endowment can be removed as it can be given.

Even if the ceasefire is made to stick, one can see severe difficulties arise from many of the factions in Lebanon. It has been achieved in some areas under Syrian control but would be a different story to try to effect in Beirut. At a stage in the future, relations between the Syrians and the Right-wing Christians deteriorate when the two parties have the same aims of the two parties not identical becomes obvious. The more press observers in Damascus are bloodshed to come which is heavier than that expected so far, with feuds fought between factions to the

Then there are the
nians. Mr. Arafat's recep-
tion was ratified on Wedn-
when he visited Dam-
the first time in about 40
and was received by the
ident. But Mr. Arafat's
tion, despite its ap-
endorsement by Saudi
and Kuwait, is under dis-
what he says will not
eradicate the deeply
distrust of the Syrians
many Palestinian groups.
The time it has taken to
them to come to terms
their relationship with
the Syrians is clear.

Above all the Palesti-
need to be convinced of
Serian agreement that they

Assad is sincere when he says that he only wants to steer Palestinians in the direction of their own advantage, rather than to crush the movement. President Assad wants and needs a stable moderate neighborhood. Lebanon. He realises that in that resort this could be unstable while the Palestinians remain there, and that there is a solution to the problem of Palestine and a home for the Palestinians, long one of Syria's principal aims, is more necessary than ever and may have to be achieved by force.

exhaust stand

the new obstacle

WOODSWORTH

THE new exhaust stand, which is the latest development in the field of exhaust systems, is now being marketed by the British Motor Corporation. The stand is designed to be used in conjunction with the new exhaust system, which is the latest development in the field of exhaust systems. The stand is designed to be used in conjunction with the new exhaust system, which is the latest development in the field of exhaust systems. The stand is designed to be used in conjunction with the new exhaust system, which is the latest development in the field of exhaust systems.

agreement pact with Canada

signed in Tokyo

DAVID SMITH

THE Japanese Government and the Canadian Government have signed an agreement in Tokyo, which will allow for the free trade of goods between the two countries. The agreement is the result of long negotiations between the two governments, and is a significant step towards the establishment of a free trade area between the two countries. The agreement will allow for the free trade of goods between the two countries, and is a significant step towards the establishment of a free trade area between the two countries.

with the result that the Japanese Government has agreed to open up its market to Canadian goods. The agreement is the result of long negotiations between the two governments, and is a significant step towards the establishment of a free trade area between the two countries. The agreement will allow for the free trade of goods between the two countries, and is a significant step towards the establishment of a free trade area between the two countries.

signs Lancia deal

WOODSWORTH

THE Lancia car company has signed a deal with the British Motor Corporation, which will allow for the free trade of goods between the two companies. The deal is the result of long negotiations between the two companies, and is a significant step towards the establishment of a free trade area between the two companies. The deal will allow for the free trade of goods between the two companies, and is a significant step towards the establishment of a free trade area between the two companies.

WORLD TRADE NEWS

Japanese face difficult round of talks in Paris

BY OUR OWN CORRESPONDENT

JAPANESE trade mission visit to Britain ended last week with a reception at talks with the French players organisation, which is here to-morrow.

The mission, which is led by chairman Toshio Iwano, will be told of profound changes in the deterioration of the Franco-Japanese trade relations at meetings to be held by the president of the French Automobile Manufacturers Association, M. Francois Ceyrac, during the first six months of

this year France's deficit with Japan amounted to \$344m., and the Patronat notes that there is a long-term trend adverse to France, whose exports to Japan covered 80 per cent of imports from Japan in 1965 and only 38 per cent last year.

Gallic courtesies will be observed. There will be no slanging matches at the talks, but there has been a marked decline in the number of French business towards Japan. Only this summer Patronat officials were talking confidently of solving bilateral trade problems by

increasing French exports to Japan.

Now there is anxiety over such industries as autos. In the first seven months of this year French imports from Japan more than tripled in 34,884 while French shipments of cars to Japan sank to a minuscule total of under 100 units.

The Japanese still have only 2.5 per cent of the French auto market, less than one-third of their market share in Britain. But Renault and Peugeot are said to fear that the Japanese will push up their share to U.K. levels.

Having accepted a ceiling in Britain, the Japanese are diverting their efforts to other European countries including France. The French have no illusions about their ability to raise auto sales to Japan.

Next year Renault, which exported only one car to Japan up to August this year, will introduce the Renault 5 GTL in Japan. But the company is aiming at sales of only 600 to 700 units a year.

There are other matters of concern to the French. They are worried about third markets, where French industry is being done far more damage than with the French. French capital goods companies claim that they are being undercut by Japanese competitors who make tenders systematically designed to eliminate France from third markets in their view.

Increase in Soviet car sales to U.K. sought

By Terry Dodsworth

SATRA MOTORS, the importer of the Russian-built Lada cars, is aiming to increase its British sales next year to 12,000, up 25 per cent on the expected 1976 figure.

This target was spelled out yesterday by Mr. Nigel Hall-Palmer, managing director of the company, when announcing a large new fleet order at the Motor Show in London yesterday. Lada has been asked to supply 70 cars for a Leicester taxi company.

News of Lada's ambitions in the U.K. comes at a time when the British motor manufacturers, through the Society of Motor Manufacturers and Traders, has been taking steps to make their fears of the growing sales of low-priced cars from Eastern Europe known to the EEC.

But Mr. Hall-Palmer said yesterday that Lada's growth potential should give no cause for concern to those alarmed by the rise in imported car sales in Britain. The expansion was based purely on the predicted growth of the home car market.

He added that Lada is also buying a large amount of components in Britain. So far this year his company has placed more than £210,000 worth of orders with British component suppliers for items like spark plugs, filters, seatbelts, rear window wipers and vinyl roofs.

Another order, worth £100,000 a year, has gone to Triplex for heated rear windows.

PULP AND PAPER PRICES

A double-edged sword

BY LORNE BARLING

THE RECENT decision by Scandinavian pulp manufacturers not to increase prices early next year, as they had hoped, can only be regarded as a temporary reprieve for troubled papermakers in Britain and the Continent.

While it is clear that the U.K. paper industry cannot at present bear a price increase on top of the additional cost caused by the fall in the value of sterling, it is equally evident that Nordic producers have serious problems.

These are underlined by this week's announcement that Finland's second biggest industrial company (which is mainly concerned with forest products), Enso-Gutzeit Oy, will lay off about 15,000 employees for an average of 10 days each in November, December and January.

These harsh measures are attributed to the slowness of the industrial recovery in Western Europe and consequently poor markets for forest products. Although considerable price increases for these products were gained during the period of high demand in 1973 and 1974, these have clearly been insufficient to cope with concurrent inflation levels.

After a number of predictions of high growth in demand for paper products in Europe, and possible shortages in the medium term, predicted growth rates have now been revised downwards to 3.5 to 4 per cent or less.

Scandinavian companies which

invested on the assumption of higher growth rates are now suffering, due to high interest rates and a stagnant market from the different sections of integrated Scandinavian mills is not generally available, it is claimed that money is being lost on pulp production when calculated on the basis of replacement costs.

It is even claimed that the profits during the exceptionally good conditions of 1974 were not sufficient when an average annual inflation rate of 10 per cent is assumed. Since October, 1974, it is estimated that the cost of producing a tonne of pulp has risen by between \$0 and \$75 a tonne, of which none has been recovered.

In the first six months of this year Swedish production of market pulp amounted to a little over 2m tonnes, a fall of more than 10 per cent on the first half of 1975. Furthermore, at the end of the year Swedish producers of pulp will cease to get State assistance for stockpiling, leading to a reduction of stocks and a further curtailment of production.

The scale of this stockpiling is illustrated by the fact that Sweden's stocks of chemical pulp rose by 25 per cent in the first six months to 1.0m tonnes. This is also shown in overall pulp delivery figures, which were down only 1.8 per cent in the six months, while production fell by 10.4 per cent.

While the problems of the British paper industry are of obvious concern domestically, Scandinavia's traditional commitment to the U.K. markets for both paper and pulp has caused its own difficulties.

Pulp mills in Scandinavia, which at output this year would be better than the disastrous 1974, have been disappointed enough to have any real effect on pulp markets. The U.K. has been notably slow in returning to more normal demand.

One of Scandinavia's biggest single paper products sold to the U.K., newsprint, is presenting special problems of its own. Producers had hoped that Finland would lead the way for a price increase at the start of next year, which would have been the first rise, excluding currency adjustments, since December 1974. Interim increases have, it is claimed, added nothing to the returns to mills.

But producers have very real fears that an additional increase could result in the closure of at least one Fleet Street publication, and thus reduce overall demand.

Nevertheless, the producers have made it clear that a rise must come early next year in both the U.K. and the Continent, where some newsprint prices are around \$40 a tonne more than in the U.K. Such an increase should, in present circumstances, be passed on to the consumer, but with newspaper cover prices already at a high level, publishers question their ability to raise them further.

Like newsprint, pulp prices depend to a great extent on what the end consumer is prepared to pay for the product. In the present economic conditions it is unlikely that U.K. paper markets will allow the price increases that both pulp and paper manufacturers need so desperately.

China agrees to buy more steel

BY DOUGLAS RAMSEY

CHINA has agreed to resume high levels of steel imports from Japan, according to Mr. Iwano, managing director of Nippon Steel.

Mr. Abe recently returned from negotiations in Peking at which, he said, Chinese trade officials agreed to import 1.3m and 1.5m tons of products in the second half of 1976.

The deal may also include much larger sales in the first half of 1977, according to informed sources in Tokyo.

At April, Peking stunned steel trade circles by only cutting its steel imports the first half of 1976 to 800,000 tons.

The decrease was all the more significant because Japanese steel exports had been led to believe that China might upgrade import contracts to 2m tons in the six months and pay for it with additional quantities of Chinese crude oil.

Mr. Abe said the Japanese delegation of the six major steelmakers on its way for the steel talks in Peking took only a fortnight and the customary month or so.

An agreement for the second half of 1976 will actually be dated from November to March, but these delays are long new. Negotiations have been completed in time to allow all the steel deliveries to

take place in the designated period.

The Nippon Steel managing director also said Peking agreed to pay several dollars more than the tonnage prices contracted in the first half. The new price is understood to be just over \$20 a ton.

At 1.3m tons, Japan's steel exports to China in the coming six months will be about twice what they were from January to June 1976, according to the Finance Ministry, but about equal to the average level since six-monthly "packages" were first negotiated in 1973 under an agreement to boost trade between the two countries.

Steel industry sources say, however, that China may want to bolster its steel imports from Japan in 1977. They say Peking gave some indication of this in advance of the Peking talks just ended.

Meanwhile, the Chinese deal is good news to the sorry ears of Japan's steelmakers who have been caught out by a much slower-than-expected recovery at home. None of the major steel producers, however, plan any major increase in production to cover the Chinese deliveries, according to press reports here.

In fact, there is a good chance quarterly production will be kept down to the 21m tons from July to September, and since Japan is coming under increasing pressure to put the lid on its exports to Europe and the U.S., some of that steel may instead go to China.

IBM has no orders from, nor has it shipped any computers to the Peoples Republic of China. In a story on this page on October 14, it was announced that the company had exported 370-148 machines to China.

Car exhaust standards create new obstacle

BY TERRY DODSWORTH

THE obstacle appears to have been thrown into the path of European manufacturers in hopes of building up car in Japan.

An announcement which aims at certain tariff barriers span, a Japanese technical council said that none of 12 manufacturers look like signing the 1978 automobile standards on schedule.

A report, which is being cited to Mr. Shinagawa, director general of the Japanese Agency, added that Japanese manufacturers will be to meet the requirements.

The Technology Council for Pollution Control, which is the agency for the reduction of Nitrogen Oxide (NOx) emissions from automobiles, worked out the report after a series of meetings with

the nine Japanese and 11 foreign manufacturers.

The agency plans to enforce the 1978 standards which will limit average NOx emission below 0.25 grammes per kilometre run from April 1978.

The report said Honda Motor led technical development followed by Fuji Heavy Industries, Mitsubishi Motor and Toyo Kogyo. Five other makers—Toyota Motor, Nissan Motor, Suzuki Motor and Daihatsu Kogyo—were still in the experimental stage, but they are confident of attaining the goal.

The report said the 11 foreign makers were pessimistic on their development of low-pollution engines. The 11 are Alfa Romeo, Audi, NSU, British Leyland, Chrysler, Citroen, Daimler-Benz, Ford, General Motors, Porsche, Rolls-Royce and Volkswagen.

Trade pact with Canada signed in Tokyo

BY CHARLES SMITH

JAPAN and Canada today signed a document—entitled "Agreement on Economic Co-operation"—which is designed to limit two-way trade and create current obstacles such as problems of access for Japanese manufactured goods to the Japanese market.

The signing marks the climax of a visit to Japan by the Canadian Prime Minister, Mr. Pierre Trudeau, which began yesterday.

The Japan-Canada "framework" document is similar to which Canada signed earlier with the EEC and is aimed to serve the same basic purpose: to assist Canada's efforts to reduce its economic dependence on the U.S.

Canada has a big trade surplus with Japan (exports \$1.3bn., imports \$768m. during the six months from April to September). But the Canadians have been expressing disappointment

with the results of their efforts to step up manufactured exports to Japan. Canada would like to interest Japan in its Kanda nuclear reactor and in telecommunications equipment.

The Canadian Ambassador to Japan recently stated publicly that his officials had been told by NTT, the Japanese State telephone corporation, that Canadian companies would not receive telecommunications contracts if they tendered for them.

Japan's main concern so far as its trade relations with Canada are concerned appears to be that it may find itself forced to buy semi-processed raw materials as a result of Canada's policy of upgrading its exports.

There has also been concern in that Japanese investments in Canada might be used to develop Canadian raw materials or suffer discrimination.

AP signs Lancia deal

BY TERRY DODSWORTH

OTHER EVIDENCE of the impact of the U.K. motor industry on European markets came yesterday when Automotive Products, the Lancia SpA clutch and brake company, which claimed that it

was lifting exports to the U.K. by about 70 per cent next year, announced that it had already received new business from within the EEC to about \$2m. in 1977.

The new business will come from France, where the company has links with Renault, Peugeot, Chrysler, Saab and Berliet. Sales are also increasing in Germany.

speed automatic for the Gamma. The company says that, with this new business, about 30 per cent of its total original equipment production will be going to EEC countries in direct exports.

The contracts cover all AP's automotive product ranges, including brakes, steering, clutches and automatic transmission. A major portion of the new business will come from France, where the company has links with Renault, Peugeot, Chrysler, Saab and Berliet. Sales are also increasing in Germany.

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HOME NEWS

White Paper urges trade descriptions law for property

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PROPOSALS to extend trade descriptions legislation into the property field are contained in a White Paper published yesterday.

The document, which forms a review by the Director-General of Fair Trading on the workings of the Trade Descriptions Act, 1968, recommends that legislation should be in future cover misdescriptions of houses, commercial property and land, if these are made "knowingly or recklessly" by businesses.

Private sellers would not be liable to criminal prosecution, although a large proportion of sales are transacted directly between individuals.

The review committee, under Mr. John Methven, former Director-General of Fair Trading and now Director-General of the Confederation of British Industry, commented: "While we accept that professional bodies have high standards of behaviour which their members must observe, not every person dealing in property is a member of one of these bodies."

"We think members of professional bodies have as much to gain as anyone from the availability of criminal sanctions against those whose standards are less high."

Even if some statements about property would escape the new provisions because they relate to private homes, this seems no reason to sacrifice control over all other statements about property.

Reduction

The committee appreciated that the extension of legislation could lead to a reduction in the number of details given in estate agents' particulars. But it believed basic information would still be available and thought that "a diminution in the unsubstantiated hyperbole" would be an advantage.

The White Paper suggests that, as a start, legislation should cover statements about a

property's location, the type and length of lease involved, ground-rent details, rateable value and accommodation offered.

Apart from the property field, where controls over estate agents' conduct has been under consideration by the Office of Fair Trading for over a year, it covers a wide range of subjects affected by trade descriptions legislation.

New provisions are suggested which would prohibit false comparisons with "any other price" and misleading representations about the price at which particular goods are generally offered for sale.

Indications of "normal," "regular" or "usual" price should be deemed to mean the price at which the goods were previously offered.

Where a trader makes comparisons with his own previous price, the onus of proving that the goods were offered at the higher price for at least 28 days in the previous six months should be placed on him.

Absolute

The provision of any services, accommodation or facilities which did not correspond with the description previously given would, under the proposals, become an absolute offence. This would place statements in this field on the same basis as the description of goods.

On misdescription of goods, it is proposed that legislation should be extended to cover, specifically, misrepresentation of the supplier or distributor, his standing or capability and the contents and authorship of books, films and recordings. There should be powers to extend this list and require disclosure of information about legal restrictions on the use of goods.

Review of the Trade Descriptions Act, 1968. A report by the Director General of Fair Trading. SO, £1.35.

Engineering new orders are lowest on record

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE INFLOW of new orders for the engineering and machine tool industries had picked up from a very low level by July, according to statistics from the Department of Industry today.

But the new orders were still outpaced by sales. As a result, order books continued to shrink. Orders-on-hand for engineering as a whole were the lowest on record.

Those for machine tools, at £19.4m, were the lowest since 1973 and represented no more than six months' work.

In June, orders on hand had been £195.1m, which the Industry Department said last month was about the lowest acceptable level for the industry. Yet the July statistics, published in Trade and Industry magazine, show a further slight fall in order books.

Total new orders received showed a marked increase in July however, at 9 per cent, higher than the previous three months and 32 per cent up on the corresponding period in 1975.

The performance in the home market—where new orders were 34 per cent up over the three-month period—made up for the disappointing intake from overseas which was 24 per cent down.

The machine tool industry was hoping that MACH 76, the exhibition at the National Exhibition Centre last month, would give a further lift to home sales, but it has yet to be seen what impact higher interest rates will have on these hopes.

The flow of orders for the Massey-Ferguson-Perkins scheme to re-organise the Polish tractor industry, which could amount to £100m, has begun to make itself felt, and orders from British Leyland's car division cannot be too far away.

New orders for the engineering industry as a whole were significantly affected by some large overseas contracts gained by some electrical engineering companies.

The April-July increase in new export orders was 22 per cent. New home orders were down 3 per cent over the same period, giving a total increase of 5 per cent in the intake.

The level of sales remained above the inflow of new orders however, so order books fell by 31 per cent during the three months.

Home sales

RAF wants 18 more Harriers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE RAF is seeking another 18 Harrier jump-jet fighters, worth about £25m, to top up the present force, both to meet revised estimates of Warsaw Pact combat aircraft forces and cover losses of aircraft in training and other tasks.

The original RAF Harrier order amounted to 107 aircraft, of which nearly all have been delivered. Also under development is the maritime Harrier, of which 25 have been ordered.

Production is nearing completion on the 118 Harriers ordered by the U.S. Marine Corps. Extra RAF Harriers, therefore, would help keep production going, pending the receipt of the further order from the U.S. Marine Corps for up to 340 of the AV-8B Improved Harrier.

The RAF requirement is part of the normal process of keeping the Air Force's front-line units up to strength, to meet both the

normal attrition rate (with aircraft lost through crashes) and continuously revised estimates of the strength of opposing forces.

The RAF would like to have more of both the Harrier and the Jaguar jet-strike aircraft, but it recognises that under present stringent controls on defence spending, it can only expect approval for limited replacement aircraft.

In the past, it would have been able to finance most of these aircraft itself, by the tight housekeeping it has been undertaking, cutting back on support and non-combat activities to release money from its annual share of the overall national defence budget for front-line aircraft.

The cuts in overall defence spending of the past two years, however, have meant that it has to ask the Treasury for approval

to spend the money on more aircraft, and the Air Force Board has put up a proposal to the Treasury for the aircraft involved.

The Government should reject any further cuts in defence spending, Mr. Ian Gilmore, Shadow defence spokesman, said yesterday. Any such cuts would further damage international confidence in the U.K.

Levy on tourism sought by TUC

By Our Labour Staff

THE TUC is asking for a meeting with Mr. Edmund Dell, the Trade Secretary, to discuss its idea for a levy on the tourist trade as a way of expanding

Japanese 'confirm' Colt Cars rights'

By Terry Dodsworth, Motor Industry Correspondent

COLT CARS, the distributor of Japanese Mitsubishi cars in the U.K., moved quickly yesterday to squash speculation about its future after recent suggestions that Chrysler might assemble Mitsubishi vehicles in its European plants.

Colt said at the London Motor Show that Mitsubishi Motor had confirmed that it would "protect and guarantee" distribution rights of its European importers.

"There is no possibility of Chrysler taking over any concession for the distribution of Mitsubishi Colt cars in Europe," the statement added.

It appears to draw a sharp distinction between the manufacturing activities of Mitsubishi and distribution of its vehicles in export markets.

Two-way visits

Senior Chrysler executives have visited Mitsubishi plants in Japan to examine manufacturing methods and pollution control techniques. A delegation from Japan is expected in Europe for a similar purpose.

Mitsubishi's contract with Colt Cars, which is 51 per cent owned by a consortium of British businessmen and 49 per cent by Mitsubishi, has seven years to run.

There are Mitsubishi concessions with entirely independent groups in Norway, Belgium, Holland and Finland. Negotiations are going on to establish distribution networks in France and Germany.

Reactor design 'should not be seen as final'

FINANCIAL TIMES REPORTER

THE DESIGN submitted for a steam-generating heavy water reactor should be seen as a preliminary proposal for discussion, not a final design, the Commons Select Committee on Science and Technology, which is reviewing the reactor, was told yesterday.

The Health and Safety Executive said that the Nuclear Installations Inspectorate—now part of the Executive—had yet to conduct an overall safety review, and expected to see substantial changes proposed in the coming months.

There would be "substantial disadvantages" in altering the basic safety policy, which was that some precautions had to be taken regardless of cost—those set out by Euratom on radiation protection—and others, aimed at cutting risks still further, should be taken where they were judged reasonably practicable.

Such further precautions for normal operating conditions had been set out by the Central Electricity Generating Board concerning existing reactors.

Accidents

While the Inspectorate would like to see them applied to the reactor if reasonably practicable, it did not think that compliance with the CREG guidelines was mandatory.

Dealing with accident conditions, the Health and Safety Executive said: "A new reactor system will be judged on its merits."

"The probability of accidents of solar energy."

THE OTHER SIDE OF RUPERT MURDOCH

The ups and downs of the Australian

BY KENNETH RANDALL

MR. RUPERT MURDOCH transformed the Australian newspaper industry with the simple concept that, in spite of all the problems of distance and regional differences, Australia could support a national newspaper for general readers.

He has never quite proved that point. The newspaper he launched in 1964—The Australian—has lurched from magnificent peaks to appalling troughs without ever looking secure as a commercial entity.

The transformation has been in the rest of the industry and has tended to leave the Murdoch empire behind.

There are no reliable figures available, however, to show that it ever paid its way. All the evidence suggests that it has not. Effective control of the paper, even excluding that exercised by Mr. Murdoch himself, has changed no less than nine times in its 12 years, and the peak circulation appears to have been about five years ago at about 180,000.

Given the problems of the Australian market, that peak represented a commendable performance, despite what must have been an enormous drain on the News Ltd. group's financial resources.

Guiding hand

It prompted one of those make-or-buy decisions which have been a feature of Mr. Murdoch's remarkable career.

The next step, he told senior staff, was to make The Australian an essential reading for every man, woman and child.

No more long-haired emphasis on politics and the arts; bright, witty, even gossipy news coverage with a comprehensive sports section was the new order of the day.

RUPERT MURDOCH
Yesterday's intellectual, today's tycoon

trial action. Because of its tent of facsimile production five cities, it said. The Austrians could not withstand print strikes, even though it was able to bring out, with union-labour, the biggest papers of the group in Sydney.

Mr. Murdoch's Australian ship is vulnerable, as both sides well know. It has been hit out for union action before Mr. Murdoch has effectively the threat of closure to bring many of his employees as close as his side.

New technology

The present situation did however, in that the netre newspaper industry in Australia was based on the edge of technological revolution; and a large extent, the short-term term is beyond the control of Mr. Murdoch and his fellow newspaper proprietors.

The institutionalised system of industrial arbitration Australia means that Government tribunals will have as much say as employers in how the technology—which will put to most of the printers' craft will be introduced and on what terms.

The management structure News Ltd. in Australia has changed. The Australian, for example, has had many editors, editors-in-chief, a publisher, and now a publisher.

Turnover rates among the general and journalist staff in the group have come to be regarded as a barometer of the Australian's fluctuating fortunes.

The impression in Australia on politics and the arts; bright, witty, even gossipy news coverage with a comprehensive sports section was the new order of the day.

When The Australian appeared on Wednesday this week, after a break of nearly a week because of disputes with the printers' union, it carried a surprise frank item setting Sydney and Adelaide, where "but its vulnerability to industrial action began."



The financial strength of Merrill Lynch

How it can help you meet your financial needs worldwide

As of June 25, 1976, Merrill Lynch had equity capital of over \$1 billion. That's more than twice the capital of the next largest U.S. securities firm. But Merrill Lynch is a lot more than a securities firm.

We're also bankers to the world's bankers—and to many of the world's largest corporations. In 1975, we managed over \$26 billion of public and private financing worldwide.

In the United States, we're investment bankers to six of the nation's 10 largest banks—including the three largest.

Last year, we managed the largest international underwriting in history for a Japanese

firm—a \$100,000,000 issue. We were a leader in raising capital in the U.S. for all kinds of international issuers.

In Europe, we recently managed a Eurobond issue that raised \$50,000,000 for Britain's largest bank and we were a leader in Eurobond financing for U.S. and international issuers.

Well managed assets

We have the capability to manage financing of this magnitude in part because we have well-managed and extensive resources.

For example, Merrill Lynch has no long-term debt. And our working capital is invested to facilitate normal business—not to speculate for our own account.

Along with this financial stability, we offer unmatched international placing power.

Our network of branches, subsidiaries and affiliates gives us access to literally thousands of institutions and to millions of investors.

We also offer impressive trading capabilities in stocks, corporate bonds and government issues. And we offer the assistance of a \$6 million a year securities research operation.

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HOME NEWS

New colour tube poses problem for TV makers

BY MAX WILKINSON, INDUSTRIAL STAFF

THE BRITISH television set-making industry has reached an important turning point because of the development of a new tube technology for colour sets.

Next month, Mullard, the only British maker of television tubes, will convert a second unit of its Durham factory to producing the 20 AX, a 110 degree tube with an "in line" gun. It is hoping to convert most of its production to the new type of tube quite soon.

The 20 AX is claimed to be more reliable, to produce a slightly better quality of picture and to allow substantial reductions in the complexity of circuits.

It is a type of tube now used in most European sets, making it an essential for British manufacturers if they want to increase exports.

The British market however, is still predominantly for the earlier 90 degree tubes with three colour guns in a "delta" pattern instead of "in line".

The relative simplicity of the British to change to the "in line" tubes is partly the result of the dominance of the big rental companies, which buy 60 per cent. of the colour sets produced for the home market.

By contrast, in France and Germany most sets are sold direct to customers who have become accustomed to the newer type of tube.

The Philips group, which owns Mullard, has changed all its continental sets to the 20 AX tube and is anxious to bring Mullard into line.

An analysis of a turning point in Britain's television industry

cautious about generating public demand for the newer technology.

Hard to change

This change is presenting the other British manufacturers, of which Thorn is easily the largest, with three basic options.

First, they can convert their sets to accommodate the 20 AX and tie themselves to Mullard or other Philips subsidiaries making the same tube.

Second, they can opt for one of the other 110 degree "in line" tubes. RCA's in America and Toshiba's in Japan are the main options. Although these three brands of tube do roughly the same job, they are not interchangeable.

They require different voltages and different circuits, so that once a manufacturer has tuned up a production line for a particular tube he would find it difficult to change. In this vital respect, "in line" tubes are very different from the earlier type, which are almost interchangeable.

Thirdly, a decision could be put off for a year or two and to

continue to produce a majority of 90 degree delta gun sets, where the three colour guns are arranged in a triangle instead of a straight line, for the home market with a small volume of the newer type for export.

This third option is attractive to Thorn which makes most of its colour sets for rental rather than sale.

The company sees a steady demand for 90 degree sets, which are still slightly cheaper and rather more economical on electricity consumption.

Its large stock of delta sets with an expected life of six to eight years inevitably makes it

on having a large volume of home production in the same product as is exported.

Thus Mullard would like to expand annual production of the 20 AX from the 1m. expected to be on stream by the end of the year to 1.5m. in the next year or two. At this volume the company expects economies of scale which will make the tube very competitive.

Mr. Jack Akerman, managing director of Mullard, says the company expects to be able to meet the whole of the U.K. demand by the end of 1977. If the company obtained a contract from Thorn that alone would mean an extra 600 jobs in Durham.

At present a 22 inch colour tube, the dominant size in Britain, costs about £30, while 26 inch tubes cost manufacturers around £70.

With the total U.K. demand for colour sets of around 1.5m. sets, the import of tubes by manufacturers outside the Philips group would add about £50m. to £100m. in the balance of payments deficit.

At present manufacturers are obliged to import tubes in some sizes which, following the closure of Thorn's Siemens plant earlier this year, have not been made in Britain. Mullard says it plans to make a full range of tube sizes, but currently all smaller tubes (18 inch to 20 inch), accounting for a third of the market, have to be imported, mainly from Japan.

Thorn is now producing at the rate of 1m. to 800,000 sets a year; Philips and Pys account for 350,000 to 400,000; GEC and Rank together produce 200,000 to 250,000; and IRT, Decca and Rediffusion together produce 150,000 to 200,000.

So far, the Government has not been directly involved, but efforts will inevitably be made, possibly through the National Development Office, to encourage the British television industry to agree to the maximum co-operation.

For unless high volume can be achieved with a fairly limited range of products the prospects for beating off Japanese competition in the home and export markets must be dismal.

Quite apart from allegations of "predatory pricing" by the Japanese and claims for their high efficiency, their total volume of television production now equals that of the whole of Europe, with a capacity of some 10m. sets a year.

FOURTH REPORT OF ROYAL COMMISSION ON INCOME AND WEALTH

Poor are richer and rich poorer

BY MICHAEL BLANDEN

THERE WAS a further move towards greater equality of both incomes and wealth in 1974, according to the latest analysis published by the Diamond Commission.

The report issued yesterday is the fourth to be produced by the Royal Commission on the Distribution of Income and Wealth, headed by Lord Diamond. It represents the commission's second set of findings relating to its standing references to investigate its subject in general.

The first report on the standing reference was produced last year and the commission has also published reports on two specific subjects: incomes from companies and higher incomes.

The latest document has three purposes: 1. It updates the statistics presented in the first report. The Commission says: "We think it prudent in a period of rapid change and high rates of inflation to issue a further report as soon as additional years' figures have become available."

2. It describes the results of analysis of the distribution of income where these have been carried further.

3. It sets out the work on which the Commission is engaged which will advance the study of the distribution of income and wealth and describes the progress made by the Government Statistical Service in implementing the recommendations made in the first report.

The most recent figures on incomes, covering 1973-74, show a 13.1 per cent. rise in the mean income as shown by the Blue Book statistics, from £1,614 in

1973-73 to £1,837 before tax. After tax, the mean income rose by 13.6 per cent. from £1,383 to £1,571. In a period when the retail prices index rose by 10.4 per cent.

"These figures indicate increases in average real incomes of the order of 4.5 per cent. before tax and 2.9 per cent. after tax," says the report.

Between the two years, the share in total incomes of the bottom 20 per cent. of income units increased from 3.8 to 4.2 per cent. "This was a comparatively large change in one year."

At the other extreme, the share of the top 20 per cent. declined from 42.7 per cent. of total income before tax in 1973-73 to 42.4 per cent. in 1973-74. The combined share of the three decile groups immediately above the median level hardly changed, but that of the 30 per cent. immediately below the median fell from 18.2 to 18.0 per cent.

When incomes after tax are examined, the share of the bottom 20 per cent. showed a greater increase, from 6.5 per cent. in 1973-73 to 7.4 per cent. in 1973-74.

"The consequential reductions in percentage shares elsewhere were divided between the decile immediately below the top 10 per cent. and the 30 per cent. just below the median."

The report continues: "The improvement in the position of the bottom 20 per cent. of incomes in 1973-74 occurred at a time of substantial change."

Prices increased by 10.4 per cent. on 1973-73 and average earnings by 12.8 per cent. There were a number of special factors such as the raising of the school-

DISTRIBUTION OF PERSONAL INCOME—BLUE BOOK, 1959 to 1973-74

Quantile group	Before income tax			After income tax		
	1959 %	1972-73 %	1973-74 %	1959 %	1972-73 %	1973-74 %
Top 1 per cent	8.4	6.4	6.3	5.3	4.4	4.5
2-5 per cent	11.5	10.8	10.6	10.5	9.8	9.8
6-10 per cent	9.5	9.7	9.7	9.4	9.4	9.3
Top 10 per cent	29.4	26.9	26.6	25.2	23.6	23.6
11-20 per cent	15.1	15.8	15.6	15.7	15.8	15.5
21-30 per cent	12.6	13.1	12.9	12.9	13.2	13.2
31-40 per cent	10.7	11.0	11.2	11.2	11.2	11.2
41-50 per cent	9.1	9.2	9.3	9.9	9.5	9.5
51-60 per cent	7.5	7.5	7.5	7.2	8.0	7.8
61-70 per cent	5.9	5.9	5.8	6.6	6.5	6.4
71-80 per cent	4.4	4.8	4.7	5.2	5.5	5.4
81-90 per cent	3.3	3.5	3.5	3.5	3.5	3.5
91-100 per cent	5.3	5.8	5.7	6.0	6.8	6.8

leaving age (which reduced the number of low income earners), since benefits in kind and indirect taxes together have little effect on the distribution.

The report includes some new analyses assessing the effect of excluding people who are included in the statistics for only part of a year and adding back deductions from income allowable for tax, such as mortgage interest.

More recent figures for earnings from employment take the report up to the April 1975 new earnings survey.

"The rates of increase of median earnings since April 1974 disclosed by this survey were substantially higher than the change in the index of retail prices, particularly for women because of progress towards equal pay. They show that changes in the dispersion of earnings of manual men between April 1974 and April 1975 were very small, having regard to the increase of over 27 per cent. in median earnings during the period."

However, the most striking feature was a drop in the ratio of the highest percentile to the median for non-manual men from 327.1 to 287.4 per cent. The NES figures support the generally held view that the earnings of the highest paid non-manual men increased at rates lower than those for other groups of employees.

The report then examines the effects of taxes and social service benefits. "When taken together, taxes and benefits reduce the income of the upper income groups and add to the income of the lower income groups, thus lessening the degree of inequality in the distribution."

"This effect is largely due to 1973 and 1974 was thus the sharp cash benefits and direct taxes, fall in the share of the top 1 per

cent; the shares of the groups immediately below the top 1 per cent. were virtually constant over the period.

"The fall in the share of the top 1 per cent. between 1973 and 1974 was in the same direction as the trend, but above average in size. This was largely due to the exceptional fall in stock market prices."

Land and company securities together accounted for 13.9 per cent. of gross assets among the population as a whole, but for 45.1 per cent. of gross assets among individuals with net wealth valued between £100,000 and £499,999 and for 59.5 per cent. of gross assets among individuals with net wealth valued at £500,000 or more.

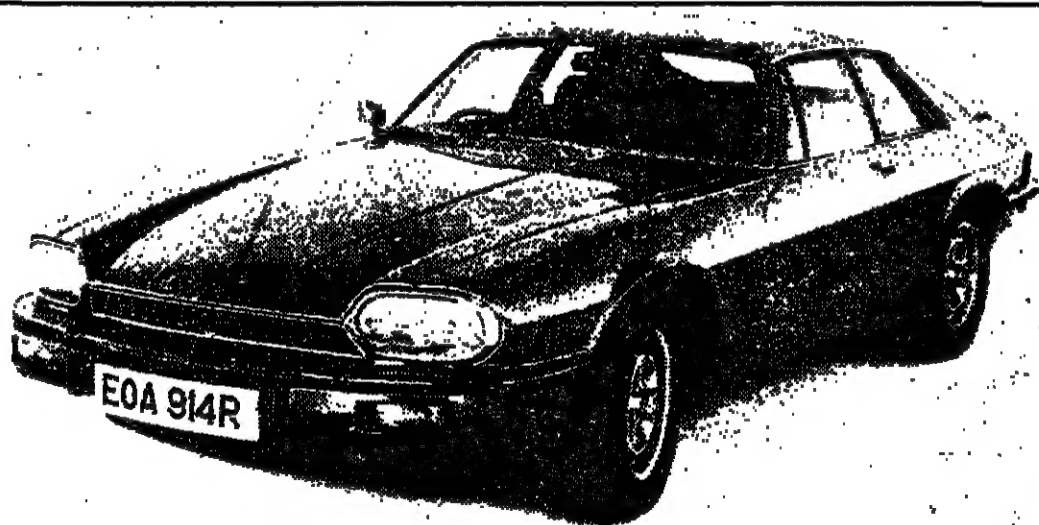
Taken together, these two groups of individuals owned more than 45 per cent. of all personally-held company securities and over 55 per cent. of all personally-owned land. The decline in the price of land and company shares thus had a disproportionate effect at the top end of the wealth distribution and the observed decline in the share of the top 1 per cent. was above all a reflection of this factor.

An alternative measure of wealth, the report finds that in 1974 the total value of personal wealth in Great Britain was estimated at £217.8bn. This compared with £173.8bn. in 1972 and £204.3bn. for 1973 (all values at current prices).

Though the latest two years show little change, there were significant changes in the asset composition, with the dominant change in 1974 being the sharp drop in the value of company securities.

Estimates of the distribution of wealth among persons show that 25.0 per cent. of personal wealth was owned by the top 1 per cent. of the adult population, 47.4 per cent. by the top 5 per cent. and 61.5 per cent. by the top 10 per cent. The corresponding figures for 1973 were 25.0 per cent., 50.5 per cent. and 64.7 per cent. respectively.

The major change between 1973 and 1974 was thus the sharp fall in the share of the top 1 per



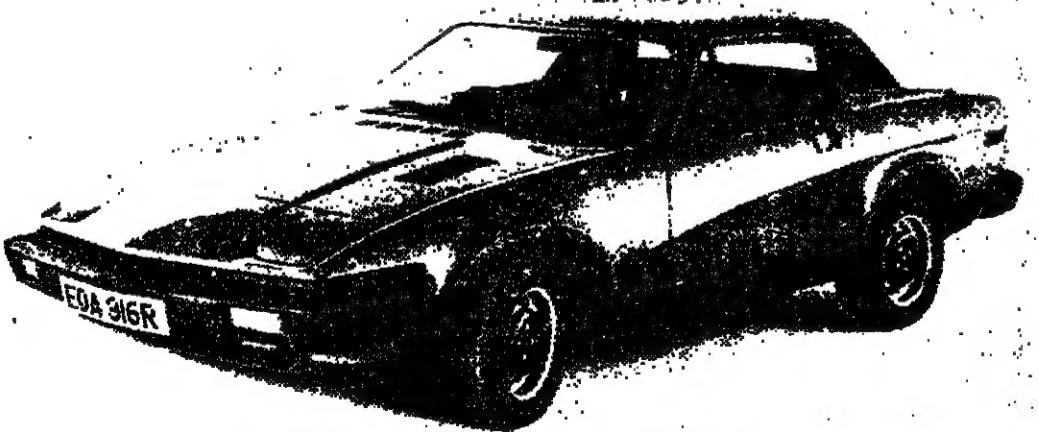
Jaguar XJS: launched September 10th 1975.

"Superbly engineered and designed, perhaps the quietest and most comfortable high performance car on European roads." Financial Times.



The new Princess range: launched October 20th 1975.

"The most exciting piece of fine engineering in Britain since the war." Daily Express.



Triumph TR7: launched May 19th 1976.

"...a combination of positive controls, well balanced suspension and flexible motor gave exceptional driveability." Car Mechanics.



Rover 3500: launched June 30th 1976.

"A superb car brilliantly engineered, that (for the price) is streets ahead of anything else—and better than many more expensive cars." Motor.

Not bad, for one year in business.

Last year, the British motor industry officially took on the new name of Leyland Cars.

First, they launched the most luxurious, most expensive and most exclusive Jaguar ever.

And the XJS, along with a good deal of envy, attracted a lot of foreign buyers.

(At present, export orders are standing at over the £10 million mark.)

Just one month after the XJS came the four-door Princess range with its innovative and highly successful wedge design.

Then, in May this year, appeared a revolutionary new sports car: the TR7.

And to round off the year in superb style, Leyland Cars announced its car of tomorrow: the new Rover 3500.

Now, to launch exciting new cars like these in one year may seem extraordinary enough.

Leyland Cars went one better.

For at the same time, they introduced the kind of warranty no other manufacturer would dare: Supercover.

With Supercover you get a parts and labour guarantee for the first twelve months (mileage is unlimited).

You're entitled to the full benefits of AA membership (including free roadside assistance, Five Star Travel Service, legal advice etc.).

You qualify for free AA Relay recovery service.

If your car breaks down and can't be fixed on the spot, the AA will transport it to the nearest Leyland Cars garage (in the mainland U.K.).

And as Leyland Cars have the largest sales and service network in the country (with around 2,600 garages) it won't have far to go.

One last thing: before you take delivery of your

car it's given a free 69-point check-out.

So you may never need Supercover in the first place.

But even if you don't, it's good to know that it's there.

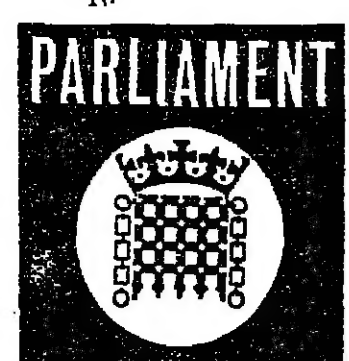
Justifiably then, with a first year like this behind them, Leyland Cars feel pretty confident.

You can too.

Because Leyland Cars mean great cars. And a great deal more.

Leyland Cars
The one car manufacturer we all have an interest in.

Austin Morris, MG, Jaguar, Daimler, Rover, Triumph, Land Rover, Mini, Princess, Vanden Plas, Sherpa.



Macmillan appeal finds few backers

Party leaders share same dislike of coalition

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Rees plans talks on vandalism

MR. MERLYN REES, Home Secretary, told the Commons yesterday that he is to have early talks with police chiefs on vandalism.

Mr. Anthony Steen (C., Waverley) asked Mr. Rees if he was aware of the deep concern which existed among tenants on many large council estates hit by vandalism.

The worry could perhaps be lessened if the stigma of being council tenants was removed. People should be allowed to own their own houses, control their own environment, have the power to manage their own estates, and free themselves from the "petty bureaucracy" of local government, Mr. Steen argued.

Mr. Rees replied that the question of vandalism did not only apply to council house areas. It was extraordinarily difficult to deal with, but he would be taking the earliest opportunity to discuss the subject with the police.

MR. HAROLD MACMILLAN's call for a Government of national unity certainly united nearly everybody in the Commons yesterday. Most, it appeared, were totally opposed to the idea.

Mr. James Callaghan, Prime Minister, pressing his hands firmly on the Despatch Box, said flatly that he was there as leader of his party—and that is the only basis on which I remain here," he added.

When Mrs. Margaret Thatcher vehemently resumed the party dog-fight during question-time exchanges on Mr. Macmillan's broadcast of the previous night, Mr. Callaghan remarked approvingly: "At least she shares my dislike of coalitions."

"No, I don't want to see a coalition. I think it would be a disaster for this country," he continued, when MPs of the Right and the Left continued to give their views of such a proposal.

The Liberals, in the shape of Mr. John Pardoe, were in favour of a national-type Government. They wanted to break what Mr. Pardoe called single-party Government.

But apart from the Liberals, and an element of support on the Tory backbenches for a national-

type Government, anyone would have thought that Mr. Macmillan was seeking to disrupt unity.

The element of step on the Tory backbenches was represented by Mr. Jonathan Aitken, MP for Thanet E. And there was little approval—and certainly none from Mrs. Thatcher—when he suggested that many people must have been "stirred and inspired" by Mr. Macmillan's broadcast appeal.

It was a view that would have interested Mr. Heath if he had been in his ex-leader's seat below the gangway to hear it, as he has also put forward somewhat similar ideas.

But Mrs. Thatcher was plainly going to have none of it. A few moments later she was intervening to say: "Most of us would far rather see a Conservative Government with a good majority than any coalition Government."

The general mauling of the issue began with a suggestion from another Tory backbencher, Mr. Robert Adley, that the Prime Minister and the CBI had much in common—if Mr. Callaghan's recent speeches and the CBI's policy document, the Road to Recovery, were compared.

If only the Prime Minister would translate his speeches into

action, probably 75 per cent. of MPs on both sides of the House could support him, said Mr. Adley.

Mr. Callaghan indicated that he was prepared to go along with this sort of unity. He pointed out that the Government, the TUC and the CBI, had all agreed at last year's Chequers meeting on necessary priorities for an industrial strategy.

"We are getting slowly on to that path. But not nearly fast enough," this is going to take a long time.

Certainly, he would not spurn suggestions from either the CBI or the TUC. Indeed, he believed a joint effort of this sort was needed if the country were to benefit from a "national effort."

This nod in the direction of national unity brought Labour backbenchers to their feet. They made it clear that they, too, were against a national Government.

At one point, Left winger Mr. Eric Heffer jumped up to contend that Mr. Macmillan's broadcast the previous night was an "indication that the Tory party itself, recognises that the present leadership of the party is totally bankrupt of political ideas."

It was therefore wisest for Labour MPs and their party to continue seeking to overcome the country's difficulties, Mr. Heffer declared. There was also condemnation from the Labour side for the "tax hand-out" which it was contended the CBI was now demanding.

Mr. Callaghan agreed that a right view had to be taken of the tax burden—and he indicated that, in his opinion, Britain was not overtaxed in comparison with some other European countries—including West Germany.

It was after this that Mr. Aitken broke in to argue that it was now obvious to all except those "who wore blinkers on the Left wing" that the situation was too grave for the country to continue being bluffed by Mr. Callaghan's avuncular optimism.

What was needed now were "truly national solutions to the deep-seated national problems," said Mr. Aitken.

Mr. Callaghan dismissed this intervention. "I believe in the policy the Government is pursuing. If we can hold to that, we

are bound to produce results," he said. When the Tories jeered, he suggested they should recall their lack of achievement.

"As far as we are concerned, I intend to adhere to the policies we are following, difficult and uncomfortable and unpleasant as they may be—and bringing a great deal of hardship."

Mrs. Thatcher accused Mr. Callaghan of running away from reality. On his record, he had nearly trebled unemployment, brought the pound low, reduced industrial production and increased inflation, she declared.

Mr. Callaghan said when he had heard the appeal for national unity from Mr. Macmillan, and contrasted it with the behaviour of the Opposition—"I know how spurious such a call is."

Mr. Pardoe, Liberal spokesman on Treasury matters, claimed that the lack of enthusiasm for coalition was confined only to the "professional prize-fighters in the House." There was considerable support for it, he believed, in the country.

The Speaker had to conclude the noisy exchanges by calling for order.



MR. JONATHAN AITKEN
"Many people inspired by broadcast."

Next week's business

COMMONS debates next week will be:

MONDAY: Retirement of Teachers (Scotland) Bill, Valuation and Rating (Exempted Classes) Bill, Sexual Offences (Scotland) Bill, second readings; motions on safety of sports grounds.

TUESDAY: Incivility Bill, remaining stages.

WEDNESDAY: Race Relations Bill, Lords amendments.

THURSDAY: Industry (Amendment) Bill, remaining stages; Local Government (Miscellaneous Provisions) Bill, Lords amendments.

FRIDAY: Land Drainage Bill, International Carriage of Perishable Foodstuffs Bill, National Health Service (Vocational Training) Bill and Endangered Species (Import and Export) Bill, second readings.

MONDAY (NOVEMBER 1): Debate on Welsh affairs. Lords business is:

MONDAY: Education Bill, Industrial Common Ownership Bill, Supplementary Benefits (Amendment) Bill, Aircraft and Shipbuilding Industries Bill.

TUESDAY: Education Bill, report; Dock Work Regulation Bill, Electricity (Financial Provisions) Bill.

WEDNESDAY: Rent (Agriculture) Bill; Motor-cycle Crash Helmets (Religious Exemption) Bill; Rail Bill.

THURSDAY: Licensing (Scotland) Bill; Agriculture (Miscellaneous Provisions) Bill.

FRIDAY: Supplementary Benefits Bill; Education Bill; Supplementary Benefits (Amendment) Bill; Energy Bill, and Companies (No. 2) Bill.



Mrs. Margaret Thatcher left no doubt about her desire for a Tory Government "with a good majority."

Pay beds Bill warning by Tories

THE GOVERNMENT'S controversial proposal to phase out pay beds started its long haul through the Lords yesterday.

The Health Services Bill will mean that, within six months of its becoming law, 1,000 private beds in NHS hospitals will be phased out—beds which Government spokesmen, Lord Wells-Pestell, opening the debate, said were "little used."

Remaining pay beds would be phased out under the supervision of a Health Service Board, independent of the Secretary of State.

Lord Wells-Pestell said the co-existence in the same hospital of a small private sector and public health provision, had come to be regarded by many patients and a large number of people who worked in them, as "socially divisive and a source of grievance, dissension and sometimes confrontation."

It was morally indefensible that those who could afford the high cost of private treatment, or insurance against it, should be able to arrange for non-urgent treatment, sooner than if they had relied on the NHS.

Lord Wells-Pestell said that in the real world he had to face the fact that some rationing of the health service was inevitable.

But was it to be effected in terms of clinical and social needs, or on the individual's ability to buy a higher priority than the clinical condition warranted? It was the Government's view that the priority must be assessed on clinical and social needs alone, he said.

Lord Wells-Pestell said there was nothing hasty or arbitrary in the way in which the phasing-out of paybeds was to be done.

The Government had explained time and time again the reason for giving the Health Services Board the power to control hospital buildings outside the NHS.

"It does not empower Ministers to squeeze and squash and hustle private practice out of existence." Since the spring of 1975, when the Government's policy of phasing out paybeds was first announced, and May of next year, about 300 new beds for acute treatment in the private sector would have become available in London alone.

This would bring the total number of private sector beds for acute treatment in London to about 2,000—almost half the total number of such beds in the whole of Britain.

Germany where their skills were respected and appreciated.

She warned: "We, in this country, have got to learn to live together or we shall die through a series of self-inflicted wounds."

For the Liberals, Lord Amulree said that he could not see that the Bill would be any help at all to NHS patients. In his work at University College Hospital, he had used pay beds extremely rarely and had only admitted two patients into them—one at the urgent request of Transport House for a senior member of the Labour Party.

He could see no real reason for phasing pay beds out though he agreed that if a bed was not needed for a private patient, it should at once be used for an NHS patient.

medicine will remain in this country and remain indefinitely. The importance of that cannot be exaggerated."

Lord Goodman said that because of a consultative document published by the Department of Health and Social Services, the doctors had feared, with justice, that they were going to be squeezed at both ends, with the phasing out of hospital beds accompanied by additional restrictions for the licensing of new ones.

The Government's problem had been that it had a number of people in key and crucial positions in hospitals who were making unjustified and unreasonable demands, which were a threat to the personal comfort of patients and the continuity of the health scheme.

The Government had had to deal with this situation. There had been an increasingly corroded atmosphere where a number of consultants had gone on strike.

Lord Goodman said it would be the highest folly if the suspicion were allowed to remain among doctors that private medicine was in a strait. Private medicine was indispensable to a healthy medical profession in this country.

If the Bill was allowed to go through, the medical profession was more likely to be withdrawn from the public arena and to have peace and tranquillity than if, once again, the whole thing was thrown back into controversy.

The Bill represented pretty fairly the proposals that had

been put to the Government which had honourably discharged its obligation to produce a Bill in conformity with the arrangements made to end the consultants' strike.

Lord Goodman warned that if the Government allowed people who were not doctors to have an undue sway on medical matters and if they allowed a situation where patients regarded themselves at risk because they were private patients then there would again be trouble.

He said there were certain changes that the doctors sought because they wanted clarification and reassurance that what they were told the Bill meant was what it meant. This reassurance should be given.

He did not believe that the present situation need have arisen if it had been treated in a different way.

THE IDEA of repatriating immigrants "should not be touched policy to relax existing control with a bare pole" by any of our immigration, in view of the major political parties, Mr. Merlyn Rees, Home Secretary, said in the Commons yesterday.

He agreed with Mr. Michael English (Lab., Nottingham W.) that the Government should be seen to be taking a stand on the issue of immigration. The conference had been taken up by talk of repatriation, about citizenship as a basis for people, Mr. Michael Allison (C., Birmingham) demanded to believe in very strongly.

Bishops lead Christmas demo

BRITAIN'S homeless will be the "scandal of Christmas, 1976," say the Bishops of London and Southwark in a letter to clergy in their dioceses.

Dr. Gerald Ellison, Bishop of London, and Dr. Mervyn Stockwood, Bishop of Southwark, are planning to lead a march through London's West End a week before Christmas in support of the Crisis at Christmas campaign.

The campaign serves the single homeless by providing food and shelter for thousands over Christmas. It was estimated there were 100,000 men and women in Britain who could be called single homeless, and 10,000 were in London alone, the bishops said.

The disused church of St. Mary's at Lambeth, where 10,040 meals were served to the homeless by volunteers last Christmas, will be used again this year.

Good faith

There were also a number of well-advanced plans for increasing the number of acute private facilities in the country. All the Bill said was that if it was a hospital of over 75 beds out of London, or over 100 beds in London, then the Secretary of State must know about it.

Lord Wells-Pestell hoped the Government's assurances of good faith in respect of private medicine were not going to be viewed with suspicion. It did not expect to do anything further in the matter of private

practice than carry out the provisions of this Bill.

He said: "We do not have plans to abolish private practice. Our aim is to foster harmony between all the people who work in the National Health Service and in the field of health for the people of Great Britain."

With this Bill the Government hoped to remove a long-standing cause of bitterness and disruption in the NHS.

Conservative spokesman Baroness Young said that this was a highly contentious measure. She complained that it came to the Lords for consideration very late in the day. For the Government to say that most people wanted the Bill was simply wishful thinking.

Although it was called the Health Services Bill it did absolutely nothing to improve the care of the NHS.

It phased out 1,000 pay beds from the National Health Service and introduced new controls over private hospitals and their building and maintenance. "It creates a kind of medical apartheid," she said.

Lady Young said it was generally thought that private patients were to be moved to the NHS. It was hard to argue, especially at this time of spending cut-backs, that NHS patients would be better looked after without that revenue.

She warned that there was a risk that the Bill would be the skills of British doctors and once new EEC regulations came into force in December, it would be easier for British doctors to practise in Paris, Holland or

Demands

From the cross benches, Lord Goodman, on whose compromise proposal the Bill is based, told the House that the medical profession had been given an assurance by the former Prime Minister, Sir Harold Wilson, that they were free to try to defeat this Bill if they wished.

But Lord Goodman believed it would be a mistake for the Opposition to do so. There were something like 400,000 hospital beds in the U.K. of which only 4,000 or 1 per cent. were pay beds.

Addressing the Opposition, he said: "The aim of this Bill is not to provide additional facilities for NHS patients, but to reassure the doctors that private

medicine will remain in this country and remain indefinitely. The importance of that cannot be exaggerated."

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Immigrant repatriation dismissed by Minister

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Mulley criticised over Tameside

FINANCIAL TIMES REPORTER

MR. FRED MULLEY, the former Education Secretary, was severely criticised by five Law Lords yesterday for trying to force Tameside Council, in Greater Manchester, to abolish its grammar schools.

The Lords' judgment, delivered yesterday, will encourage the nine local authorities still resisting the Government's comprehensive school plans, although the technicalities of the case concern only Tameside.

Lord Wilberforce, in particular, read the Government a stern lecture on respecting the wishes of parents and their elected council which has important implications for the new Bill designed to enforce comprehensive schooling.

The Lords were giving judgment on an order issued by Mr. Mulley, telling Tameside council to return to a comprehensive scheme for its schools agreed on by the previous Labour council.

After the May elections, the Conservatives scrapped the plan and announced that they would preserve the five grammar schools in the area.

Mr. Mulley used Section 68 of the 1944 Education Act, which gives the Minister power to intervene if a council is acting "unreasonably," but the Law Lords said that he was abusing the intentions of the Act.

He had failed to draw a clear distinction between his own opinion of Tameside council's policy and the reasonableness of their action.

Dilemma

Lord Wilberforce commented: "After the election, including no doubt a large number of parents, had voted the new council into office on the platform that some selective basis would be preserved, in say that this created a 'dilemma' for parents, with the undertone that this was something unreasonable, appears to me curious and paradoxical."

"Parents desired to have the chance of selective places. The new council was giving it to them. If they did not want selective places they had no need and no obligation to apply for them."

"Unless the freedom of choice, where no such freedom existed previously, is intrinsically an evil, it seems hard to understand how this so-called dilemma could be something unreasonably created."

Mr. Mulley failed to take account of the obligation of a council to implement the policy on which it was elected, Lord Wilberforce said.

"I come to the conclusion that the Secretary of State, real

though his difficulties were fundamentally misconceived and misdirected himself as to the proper manner in which to regard the proposed action of the Tameside Authority."

The judgment will not directly affect any of the other councils which are reluctant to change to a comprehensive system, because Section 68 has not been invoked in any other case.

Instead, the Government is concentrating on a Bill now before Parliament which will require local authorities to submit plans to go comprehensive and give the Secretary of State powers to impose a timetable for implementing them.

Only nine of the 104 local education authorities have refused to submit plans so far. They are: Tameside, Trafford, Essex, Kent, Kingston, Sutton, Bexley, Redbridge and Buckinghamshire.

A further 30 are said to be dragging their feet on the issue. They have submitted plans, but their timetable is much slower than the Government thinks desirable.

Even if the Bill becomes law in the current session, it is likely to be several years before councils can be forced to change to the comprehensive system, particularly in view of the severe

shortage of money for new buildings and equipment that will be needed.

In the meantime, the councils are hoping that an early general election will put the Conservatives in power.

The Bill has run into trouble in the Lords, where it has been amended to allow local authorities to keep some academic selection if they choose.

Yesterday's judgment is likely to stiffen opposition in the Lords and amongst Conservatives in the Commons and encourage them to use disruptive and delaying tactics.

Lord Russell of Killowen said it was a most serious matter for the organisation of education in an area to be taken out of the hands of the local authority by central government on the ground that the authority was proposing to act "unreasonably."

"History is replete with genuine accusations of unreasonableness when all that is involved is disagreement, perhaps passionate, between reasonable people," he said.

Lord Dilhorne said the Queen's Bench Division had given Mr. Mulley an order requiring Tameside to comply with his direct authority, was acting reasonably, the answer could only have been

reliance on the understanding that the refusal of teachers' unions to co-operate would make it impossible for the council to select pupils for grammar schools.

Later, however, the Lords showed that the council planned to set up a panel of teachers to do the job.

Lord Diplock said the 1944 Act had been promoted by a coalition government at a time when there was no political agreement on the social purpose of education.

The Act placed the provision of education in the hands of local education authorities. The Ministers' functions, apart from contributing to the cost, were only supervisory and his power to "alter a local authority's choice on the method of implementing national policy was limited."

Lord Salmon said it was inevitable that the facts about pupil selection proposed by Tameside—and a similar procedure adopted in the London Borough of Bexley between 1965 and 1970—were unknown to the Department of Education and the Minister.

"If the Minister had asked the Tameside council whether the answer could only have been

That decision had been based "yes."

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FINANCIAL TIMES REPORT

Friday October 22 1976

Microfilm

The switch from traditional to microfilm methods of information storage is admittedly expensive, but equally the benefits in cost, time and space savings can be forcefully argued. Increasing sophistication of equipment and methods is adding to the attractiveness for commerce and industry.

ALTHOUGH MICROFILM storage of company documents has been available for more than half a century it is only in the latter post-war years that various forms of microfilm techniques have begun to penetrate deeply into business and industry.

Yet there are many organisations who would benefit greatly from the efficient storage and recovery of the information on which they function but still hesitate to take the admittedly expensive step of reorganising their archives and day-to-day running data on a microfilm basis. Why this is so is hard to explain, for any management should be able to cost the time wasted by production staff in a fruitless search for necessary details, or in failure to find copies of invoices or other documents which have been lost in transit and—especially in the over-crowded hearts of large cities—determine the cost of the floor space needed to contain row after row of filing cabinets and of the staff needed to keep them in running order.

There is an inevitable corollary to any defective filing system in a big organisation—parts per set but also partly because of widespread acceptance of COM techniques. COM usage growth for output is dramatic with a reported expansion from just under 30 per cent. now to over 40 per cent. in 1980 and that in an area where thousands of machines will be added in the meantime.

In the extreme case of highly computerised organisations such as the banks, the sheer volume of paper documents produced together with the cost of storage, handling, postage and latterly the paper itself has, and

is, forcing new solutions. Apart from an increasing use of computer output to microfilm (COM), major banks are going over to microfilm storage of customer records.

What the effect will be over the next several years can be judged from a study which recently indicated that growth of paper usage in the computing industry would only be marginal, partly because of reduction in the number of parts per set but also partly because of widespread acceptance of COM techniques. COM usage growth for output is dramatic with a reported expansion from just under 30 per cent. now to over 40 per cent. in 1980 and that in an area where thousands of machines will be added in the meantime.

With paper costs expected to grow at around inflation rates plus 10 to 20 per cent. in Europe over the next five years, it is hardly surprising that large computer centres whose work can be adapted to COM are

going or have gone that way—some use five to 10 tons of multiple forms in a single night's run.

Meanwhile, in the general area of microfilming techniques opinion seems to be divided as to how much new technology is needed. Some observers assert that there is only a small U.K. market—less than 80 systems a year—for advanced equipment that provides highly automated retrieval of information held on strip or fiche. But it could be argued that the easier it is to make and store microfilm records in such a way that coding for recovery is automatically superimposed and information sought very quickly found, the quicker microfilm record techniques will make general penetration.

Innovation

Timely innovation will sell—an example being the new AO printer from Intec which is selling into many overseas markets against severe U.S. and Japanese competition in its

various versions from semi to fully automatic.

Meanwhile, increasingly cheaper and more powerful microcomputers and memories should make the solution of handling and recovery problems that much easier and help to keep down costs, even of sophisticated installations.

It is significant that one Government department which has a particularly severe records problem is looking at the provision of computer data direct from microfilm.

Technology is not standing still. On the horizon is holographic storage which, while still captured on film, offers a cost per binary digit stored of as little as one-tenth that of magnetic tape and one hundredth that of magnetic disc with the added advantage that a hologram is highly insensitive to damage.

A prototype "Holo" data storage and retrieval system has been demonstrated by TRW Inc. with ability to condense information into about 10m.

binary digits per square inch so that a four inch by six inch fiche would contain 200m. bits. Access time to any of the information is put at one second.

Holography is generally associated with 3D representations of solid objects and reproductions of holograms have the somewhat startling property of giving a viewer the impression that the image he sees alters as he moves his head. This is due to the interferometry technique used to capture the primary image which stores much more information about the object than an ordinary film. Information about any part of the object is so distributed across the hologram that a very large portion of this can be destroyed before the quality of the reproduction is sensibly impaired.

It will be some time—say two years—before fully operational recorders readers become a serious contender in the U.S. to other forms of storage. But after that it is not possible to say what will happen. It only because of the speed of advance in microelectronic and associated technologies.

There is thus no room for complacency among manufacturers, particularly when such an organisation as the Public Record Office elects to go to a computer-based system to handle its 3m. documents, using a Nova 2/10 from Data General. Data Logic is designing the access system to the documents as an integrated whole covering security control, indexing and document request check-out and return. The computer controls turnstiles, security badge readers, optical work readers, display screens and teletypes. The important point is that originals are handled and not copies or displays from film or fiche.

Wide choice of equipment

THOUGH THE technique of capturing information—a document, a drawing, a cheque—on microfilm is simple, there are many forms of microfilm output and many types of reading and reproduction equipment to choose from. The newcomer or would-be user, however well-informed otherwise, is easily lost in the wealth of equipment and recording/retrieval methods he could be using.

How is he to choose between roll film, magazines, jackets, microfiche, aperture cards and folios, or select the most appropriate method of finding the information quickly between completely automated computer retrieval, odometer numbering, binary coding, etc. if he has only heard of a few of the names and knows little more than that?

The answer is simple: Let him take the time to go to one or more seminars at the Microforum Europe 76 at the Wembley Conference Centre from October 26 to 29. Under the wing of BETA, the Business Equipment Trade Association, there will be three seminars which include an introductory course, an extremely valuable set of case history seminars and a number of workshop sessions for people already having some knowledge of the technique and wanting to find out more about the problems of using it in a specific application. There will be ample opportunity to question speakers and delegates.

Of course, there are many managers who see no point in going through this kind of mill, because such installations are "best left to the experts". Well, there can be no one in management to-day who has not heard of a number of computer disasters, most of which were "best left to the experts" and failed because management did not insist that the computer and its producers conform to common sense business practice, rather than stand the company on its head for some nebulous and badly coined gain.

Microfilm equipment for the complete servicing of a company can run from, say, £20,000 to £80,000 depending on company size and usage. It is thus approaching the cost of a small computer; but no microfilm system is likely to place a company in jeopardy as a computer can if it breaks down so badly that records are garbled and no invoices can be produced for several days, with severe consequences for cash flow. A had choice of microfilm equipment and methods can, however, be very much less cost-effective than the selection of the right format hardware and retrieval system. The Microfilm Association of Great Britain, set up to promote the use of microfilm and protect the user, is a helpful body in this direction.

Meanwhile, because of still increasing costs of office premises and clerical operations gener-

ally, as well as the cost of paper, it is no longer a question of whether to go over to microfilm or not, but rather when it should be done to avoid total breakdown in finding important documents.

Every large manufacturer of microfilm devices has his show-piece installation which tends to be, generally, the biggest and most expensive he has installed to date. But they are nevertheless instructive to read about to get an idea of what the technique can cope with.

For instance, Tesco Stores took a decision to look at microfilming as a solution to filing bottlenecks as recently as June 1975. The main problem was the information base of 15m. documents filed for three years in 6,000 square feet of space at the Cheshunt headquarters of the company. Department managers also wanted more information to be kept in the files for longer periods at the sites where they work. It was ultimately decided that three sets of equipment, costing some £20,000 and supplied by Bell and Howell, would be installed—one in accounts, one in estate and pensions and one in personnel and wages records.

Details

Accounts uses a planetary camera (taking shots of documents on a flat surface) and a continuous stationary camera to capture details of cash reports from each store on 16 mm cartridges which are reusable. Readers and reader/printers are able to work from cartridge and open spool. Estates and pensions (taking short lengths of film 35 x 468 inches) using a Courtauld and Lucas are planetary camera, reader/filer, readers and reader/printers. Personnel and wages places its records on microfilm with two cameras and support equipment includes fast readers and printers. All the departments send their film for processing to a central point where a single pass, the 22m. mark in a processor can handle three films period of time.

Intec is enjoying an extraordinary boom at the moment, thanks to a marketing agreement with NCR for certain of its products. The company, which has seen its sales rise from £100,000 in 1974 to £1.5m. in 1975, is now looking at a new plant in the West Midlands. The company is also looking at a new plant in the West Midlands.

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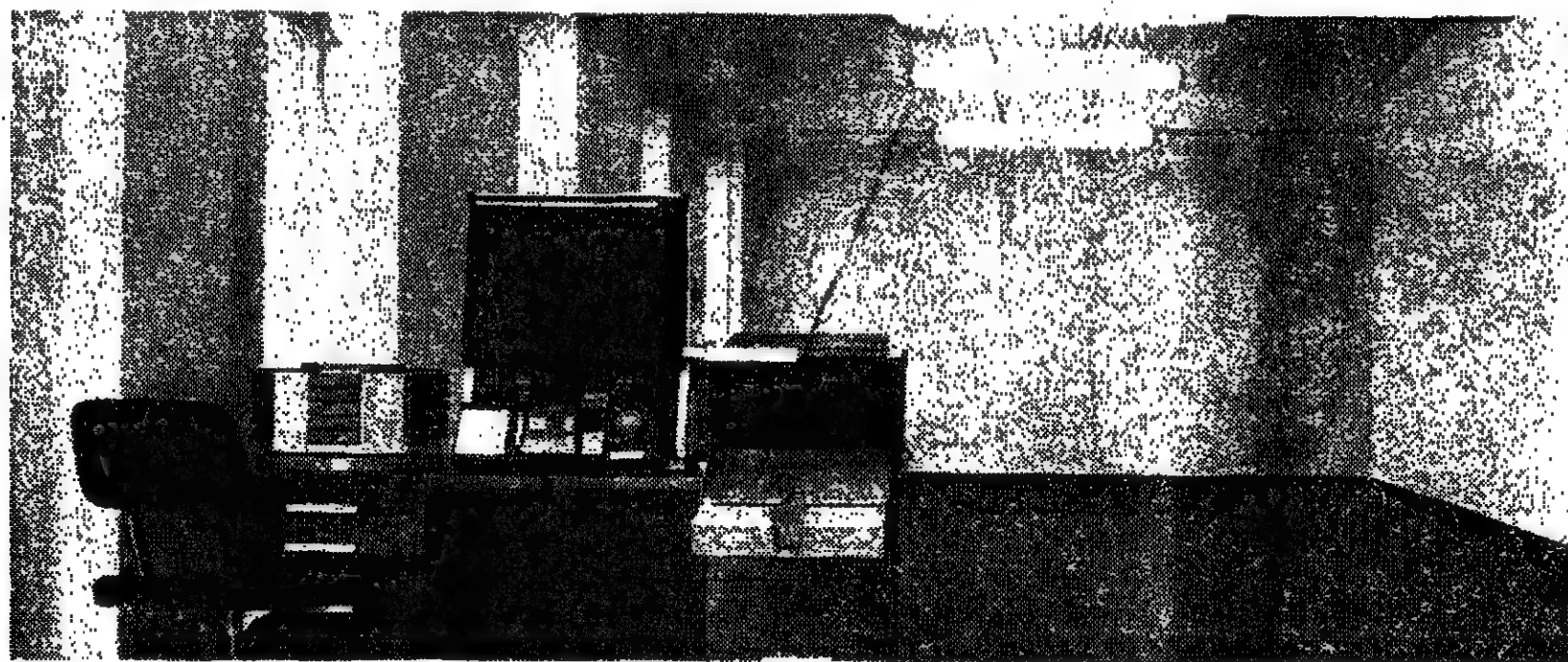
Every large manufacturer of microfilm devices has his show-piece installation which tends to be, generally, the biggest and most expensive he has installed to date. But they are nevertheless instructive to read about to get an idea of what the technique can cope with.

The answer is simple: Let him take the time to go to one or more seminars at the Microforum Europe 76 at the Wembley Conference Centre from October 26 to 29. Under the wing of BETA, the Business Equipment Trade Association, there will be three seminars which include an introductory course, an extremely valuable set of case history seminars and a number of workshop sessions for people already having some knowledge of the technique and wanting to find out more about the problems of using it in a specific application. There will be ample opportunity to question speakers and delegates.

Of course, there are many managers who see no point in going through this kind of mill, because such installations are "best left to the experts". Well, there can be no one in management to-day who has not heard of a number of computer disasters, most of which were "best left to the experts" and failed because management did not insist that the computer and its producers conform to common sense business practice, rather than stand the company on its head for some nebulous and badly coined gain.

Microfilm equipment for the complete servicing of a company can run from, say, £20,000 to £80,000 depending on company size and usage. It is thus approaching the cost of a small computer; but no microfilm system is likely to place a company in jeopardy as a computer can if it breaks down so badly that records are garbled and no invoices can be produced for several days, with severe consequences for cash flow. A had choice of microfilm equipment and methods can, however, be very much less cost-effective than the selection of the right format hardware and retrieval system. The Microfilm Association of Great Britain, set up to promote the use of microfilm and protect the user, is a helpful body in this direction.

Meanwhile, because of still increasing costs of office premises and clerical operations gener-



Carousel storage unit £37,700 Reader/Printer £1,027, 161 Camera £699. Total £1,763.

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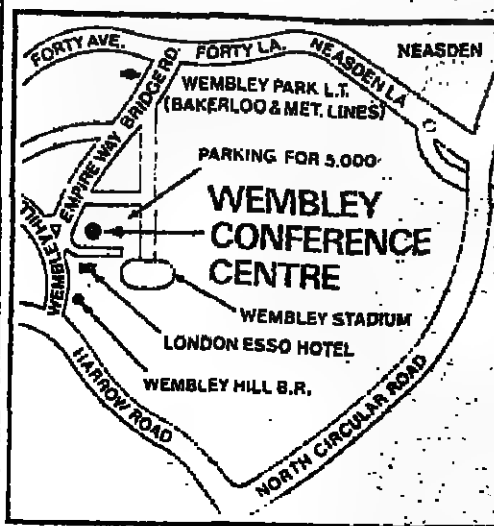
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مكتبة الأمل

MICROFILM II

Eliminating the paper chase

THE COMPUTER was supposed to have brought us the paperless office. But instead the new electronic age has spawned computer printouts that are measured in tons rather than sheets, creating problems of filing, availability of space, and escalating costs of paper. Fortunately, the technology already existed for a system of reducing all these headaches. By compressing the data onto microfilm, less space would be needed and less material for the same data. Moreover, diazo film, on which copies of microfilm data can be produced, is thus relatively cheap. Most important of all, retrieval of information can be made easier by using microfilm techniques.

This is particularly true for industrial and service opera-

tions where thousands of spares have to be held. Stock records are vital in any business and doubly so when customers need to be kept constantly in touch about supplies. The use of catalogues is one area where a specialised microfilm technique of one microfilm has proved to be of great value.

The advantage of microfilm over paper is not always savings in space, which can be dramatic, but savings in production costs. The photographic mastering of one microfilm from 98 conventional pages of print could cost about £5. Thereafter, copies on a run of only one to five cost about 21p each, falling to only 9p on a run of 301 copies or more. This may represent only one quarter of the cost of a conventional printing

run of 500 copies using 98 pages of paper.

Over the past few years, the use of microfilm and especially Computer Output Microfilm (COM) has become popular in Britain to convert paper catalogues into microfiche sheets. For one thing, the cost of regular dissemination of the updated material through the post is much less than sending bulky paper catalogues.

The motor companies were among the first users of this technique. British Leyland, for example, has converted its parts catalogues onto microfiche, although it still retains fast moving parts like filters or fan belts in the normal way. There are about 350,000 spare parts on its various models of cars and commercial vehicles and these

are updated for current models every quarter on only 14 microfiche. For models that are out of production, there is a final update after 12 or 24 months.

Microfiche is used as part of the service organisation in recording the names and details of the 350,000 car and vehicle owners that qualify under BL's second year warranty, part of its Supercar deal. Similarly, Volvo has been using microfilm techniques to update their catalogues since 1971 and there are over 2,000 readers throughout its worldwide network of agents. Microfilm catalogues for car parts are updated four times a year, and three times a year for commercial vehicles.

Since aircraft use as many parts as cars, it is not surprising to find that the RAF has developed its own system of COM. Before COM, the RAF equipment catalogue consisted of 2,500 copies of the document of over 11,000 pages. Thus there are over 28m. pages in circulation. The average page life was less than one year and it was not uncommon to issue over 30m. amendments in one year. But the time taken to prepare amendments was no less than seven months. Every holder of the catalogue received about 1,000 pages of amendments each month—a task that added up to 300,000 man hours a year, or work for 200 staff.

By putting the catalogue onto COM and issuing amendments on fiche, the RAF improved the speed of publication from seven months to one month. There was also a financial saving of over £30,000 per year plus the work of up to 200 staff.

The hard copy, output task involves the production of some 20,000 frames of 16 mm roll microfilm each day, using some 12 different formats which are despatched to some 300 addresses from a potential list of 12,000.

Merely to save paper costs on up to 1m. sheets of computer stationery a month, Westland Aircraft went on to microfilm for a number of applications. On a subsidiary's routing file alone, the outcome was that the 30 feet of shelving for paper storage was reduced to one small file containing 40 fiche, and some 25 hours filing time was saved each week. The group eventually identified 60 jobs suitable for COM conversion representing an annual paper bill of £23,000.

But it is not just cost saving that is at issue. Improved data retrieval can be sufficient motivation. At Broadgreen Hospital in Liverpool 24,000 patients records were kept at hand while another 80,000 were stored in a nearby storeroom. Dormant files were moved out to a nearby hospital 1½ miles away because of lack of space. But when doctors got impatient at the length of time it took to retrieve a file, it was decided to microfilm all dormant records plus new records a year after a patient's last attendance.

Files that used to occupy 120 feet of shelving were condensed to 28 inches of drawer space. When a patient re-attends for treatment, the fact that the master index card is stamped "microfiche" makes it immediately obvious to a record clerk that the documents have been microfilmed.

Ted Schoeters

Roy Levine

IBM waits in the wings

THERE IS no doubt that computer output on microfilm has arrived and will continue to expand. Even with the difficulty of predicting just how many more users there will be by the end of the decade, it appears that COM is now expanding at such a rate that usage will have trebled by then.

But another factor must be considered and this is the extent to which specialist bureaux are providing a fast service for those users who either cannot or will not go to the expense of a complete COM unit. The bureaux have been expanding very quickly and adding a lot of new equipment to their existing facilities. The fast growth is particularly marked in the case of the subsidiary of National Westminster Bank known as Eurocom which has opened a series of branch offices all over Britain and has taken the unprecedented step—that is for a service bureau of its type—of supporting the development of an ultra-simple film processing method. It is also presenting its own range of three U.K.-built microfilm viewers which have security options not normally found in such equipment at the Microforum '76 Exhibition and Conference.

Its nine competitors in the bureau field have not been standing still, however, and exemplify a significant development in computer output capture that began a couple of years ago in the U.S. This is the gradual displacement of slave COM recorders by COM machines which have their own small integrated computer to make them capable of coping with a variety of input tapes and turning out work to almost any pattern without imposing any extra burden on the users' own computers.

Between them, the ten major bureaux providing COM as their service or part of it have in the past several months installed 13 intelligent recorders against a total of 17 slave units, some of which had been in use for quite a long time. Of the 13, ten are from the originator of the technique—Datagraphix—and one from a relative newcomer to this hotly contested arena—Calcomp.

If further proof were necessary that the market has taken off it must lie in the fact that in the last 2½ years Datagraphix has sold almost as many intelligent COM machines as all their production in the preceding 15 years of all types of equipment of this kind.

Tapes

But at the low-cost end where NCR has been beavering away with its quantor 105, a design taken over with its U.S. promoters some time ago; there is fresh competition—again from Datagraphix—and with a compact unit it has called "Auto-COM."

It can work from output tapes produced by almost any computer and is so highly automated that any competent office worker can produce fiche under the guidance of the machine. With it goes a simple fiche duplicator to provide, with a viewer, all a small business needs to place the whole of its record and operational side on a footing which requires the minimum of paper and document handling.

It is only in the past two to three years of serious economic stringency that management conversant with data processing has begun to take a close look at software costs. Yet still people are running into severe difficulties because they unjustifiably imagined there was no more to data processing than installing equipment.

There is a great deal of activity in the market on the part of the suppliers named so

far. A few years ago there were at least 12, selling some 20 machines. But COM is not an easy market, particularly as development costs increase with technology changes and, as indicated above, the software entry fee soars. Thus pressure on the market from several quarters has been reduced, perhaps pending the arrival of IBM.

About two months ago, the latter announced from Yorktown Heights that it had developed its own method of writing tiny symbols directly on to film, using a laser beam. Datagraphix and 3M already have their own laser processors but have not actively marketed them for a number of reasons, one apparently being that character definition is not as sharp as with electron-beam and film.

But the IBM process seems to be simpler and faster and relies on laser heating of a dye-coated Mylar film, to transfer tiny specks of the dye to a second film. This laser is steered by mirrors to produce dot patterns within cells five dots wide by seven high and down to sizes as small as one-fiftieth of an average typewriter character.

IBM itself has underlined that this is a one-step process that, in contrast with conventional microfilming techniques, cuts out the use of expensive silver halides, as well as chemical and thermal treatments to develop the microfilm. A clearer warning to COM equipment builders and to suppliers of the film for COM recorders could hardly be enunciated.

Computer users will remember how long IBM remained on the sidelines when a number of builders of key-to-tape and key-to-disc units were fighting for a small portion of the data capture market against a huge installed base of key punch and verifier units. Observers predicted then that IBM would begin to move as soon as key-to-disc had won 10 per cent. of the input market. The question hanging over COM producers is at what percentage of the output market they take will IBM introduce its own COM recorders?

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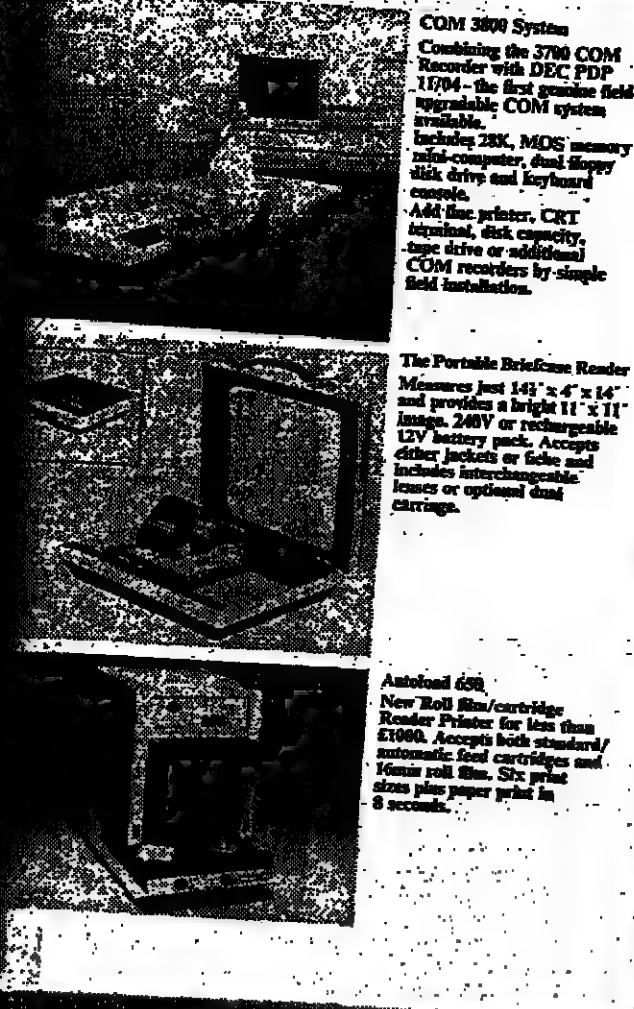
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BY PAUL LENDYAL VIENNA CORRESPONDENT

Budapest street scene, October, 1958

It was the combination of attacks and intrigues by dogmatists and "conservative" functionaries as well as pressures from Moscow which led to the fall of some of the foremost reformists in early 1974. However the 2½ years that have passed since the leadership reshuffle have provided convincing proof that the temporary "reformers" had no alternative

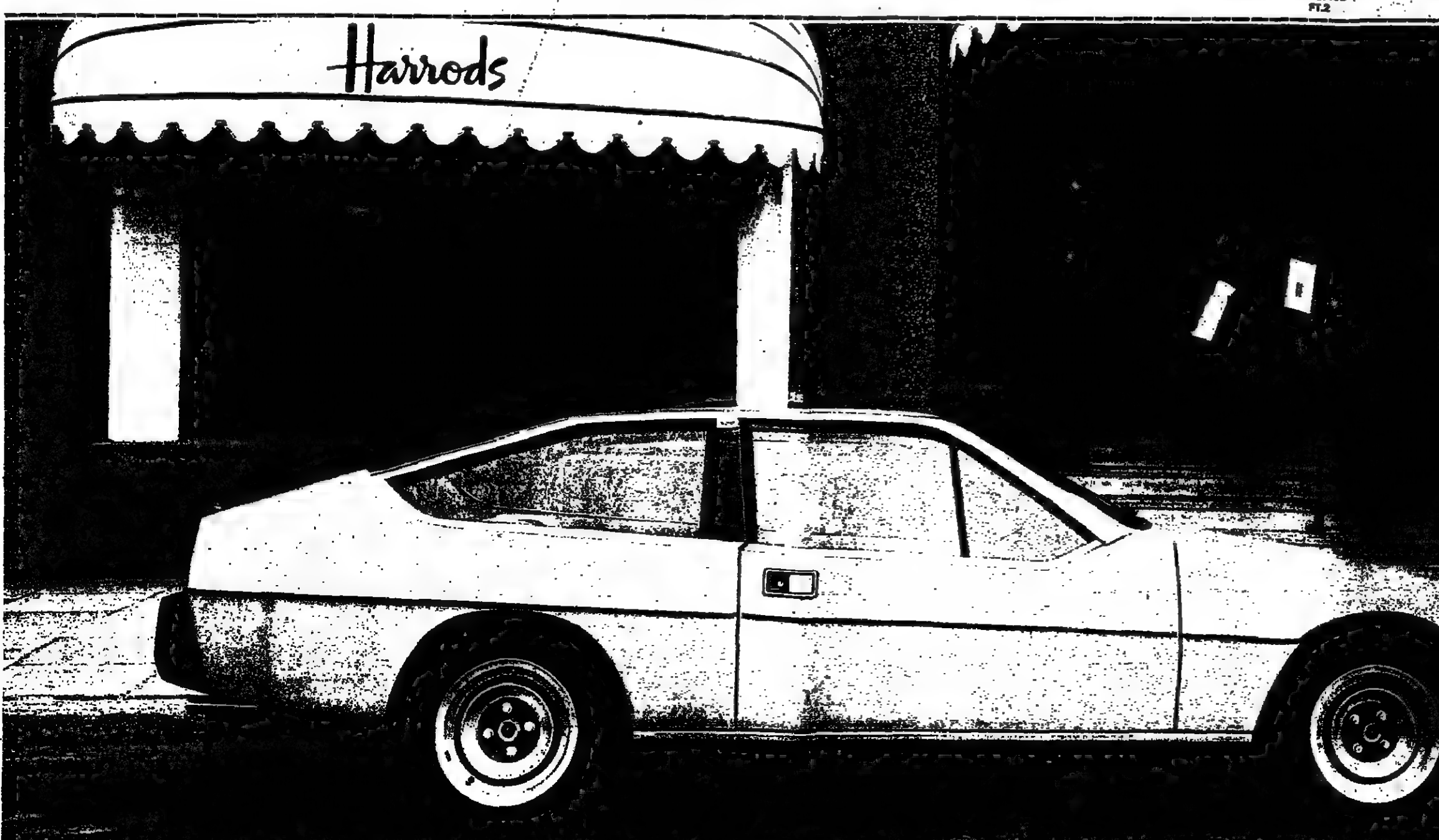
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Table 1

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The Property Market

BY QUENTIN GUIRDHAM

Cluttons give a lead on values

Cluttons, values to the Save and Prosper Property Fund, have given the first public indication that property values have fallen in the wake of MLR. While there have been plenty of general estimates made, Cluttons took a good quality, moderately revisionary portfolio and marked it down by 10.7p to an offer price of 122.4p. Their feeling was that one had to allow for an upward move in yields of around 1 per cent across the board.

This contrasts with Abbey Life (Cluttons again, but on the agricultural investments, with Richard Ellis doing the rest) where there was virtually no change, though anyway their mid-month valuations are not reckoned so significant as those at the start of each month. Hambro Life's bond (Jones, Lang, Wootton) has a valuation due to-day. It is not expected to move far. There is even one property bond, Cannon's, which has been undervalued in the past week. But that is not Debenhams, Dawson and Charnocks taking an eccentric view encompassing rising values; the change was due to a sale at above book value. The property bond values are the ones currently on the spot. They must, to some extent, be working in the dark. At present, from almost all sources, one is told that the investment market is not so much falling—it is in limbo. There are plenty of arguments about at what prime yield

rate it may resume. But at present few new obligations are being entered into and in many cases funds are pulling out from deals which had gone a long way toward completion. It is not yet even a panicky market. It is a non-market.

Such conditions prompt the question of whether, on the last stage the institutions stayed out of the market for a prolonged time, regular valuations—at least annually for property companies—would have been a stabilising factor. Many experts say that, on balance, they cannot see how valuing the portfolios of a string of tottering companies would have helped to bring order to the market.

There are few reasons to suggest that the institutions will withdraw from the market for anything like as long this time as they did, apart from purchases from associated companies, in 1974.

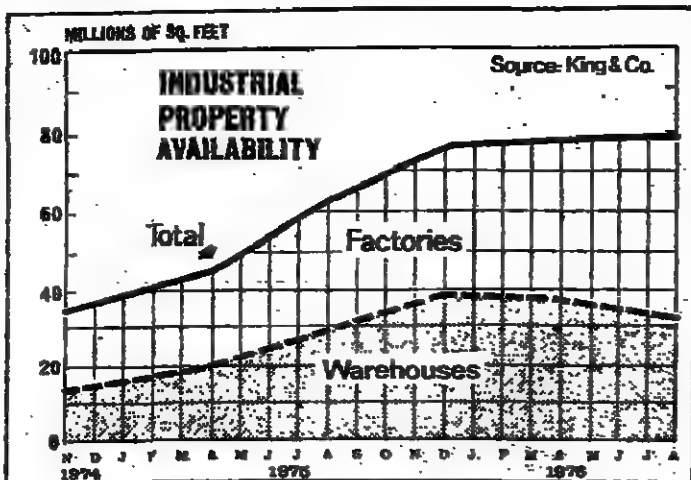
But, in the latest brokers' circular to analyse the possible implications of a rise in yields, de Zoete and Bevan calculate that a rise in prime investment yields from 5 1/2 per cent to 7 1/2 per cent would imply a fall in values of 27 per cent. Such a movement would, they point out, merely be maintaining the existing yield gap when a rise in long-term interest rates from 14 per cent to 16 per cent implies a fall of 13.4 per cent in long-dated gilts.

However, valid such calculations appear, they surely throw too much emphasis on yield as the criteria for property investment. With pension funds in particular, the yields obtained during the early life of an investment have appeared to be of diminishing importance for several years now.

It may be no more than a few weeks before a new pattern of

Fewer empty warehouses,

King and Co's floorspace survey, the only relatively up-to-date attempt to monitor industrial floorspace availability, may be seen, as one starting point, against the unemployment figures for the months concerned. In April this year and 1.31m. in August. In the same period the total of the King



survey for factory and warehouse space has edged up from 77.3m. square feet vacant to 78.8m. square feet, a negligible increase which indicates that from sometime last autumn there has been little change. In August 1975 the total of empty space was slightly above 60m. square

feet. By December it had reached a plateau at a little below 80m. square feet and has stuck there.

But this stability only conceals the overall total for industrial space. The amount of empty factories has gone on climbing, and during the summer moved up over 53m. square feet, 3m. square feet of this coming from London and the Home Counties. In contrast, the amount of empty warehouses has, for the first time in two years, dropped. Nearly 41m. square feet has been knocked off the warehouse total. That is the first significant improvement shown on the King survey since the start of the recession.

The firm comments that the reduction in warehouse space was anticipated by agency department reports over the past few months. They think there is increased confidence in inquiries and action by developers. It sustained, there should be "considerably more new warehouse space in the pipe-

line" to show up in the next survey. "There has been an improved demand for industrial land and a number of recognised developers are now working on new schemes."

King does not divide its section for buildings under construction and ready for occupa-

tion in six months into separate factory and warehouse categories and, of course, this would be hard to do with the volume of multi-purpose buildings. But the increased activity certainly has not shown up in its survey yet, the total space being built dropping from 4.2m. square feet in April to 3.8m. square feet in August.

But this seems quite in line with the time schedule for most of the larger speculative schemes announced lately. The developers are looking for an upsurge in demand next spring and summer. On the evidence of most industrial investment forecasts, they are not going to be too late. Indeed there is nothing in the present scene which suggests a recovery sharp enough to create shortages and push up rents. Developers, who in most cases need some increase from present market rents to justify their schemes, must hope that tradition is followed and that there continues to be less resistance to rising rents on new industrial premises than there is on old ones.

It is still a very mixed picture, and King's say that the factory position is worse than they anticipated. But at least the take-up of warehouses is the first positive improvement shown by this survey since 1974. Trouble is, they are probably full of imports.

Common standards call

Talking of Europe, Jeffrey Stirling remarked at the Town and City Properties annual meeting this week that "I don't think the British property developer ever had much chance." In T and C's case, he thought they had been "rather fortunate" to extract themselves to the extent they had. Edward Erdman, speaking at the FIABCI Common Market Study Day yesterday, took a less gloomy view. "Despite general trade depression and certain failures there is clear evidence to be



This pair of 22,750 sq. ft. warehouses at St. Albans was developed by the Finlinton Group. Roosey and Hawkes took the one on the left for its Hammond Organs (U.K.) subsidiary for use as the head office and distribution depot. A rent close to £3 a sq. ft. was agreed (Vigant acting for Roosey

and Hawkes) and the freehold sold clients of Cluttons for £365,000. The freehold of the adjoining building, sold to Grosvenor Chater and Co., will be occupied, again, as a head office, the company's North London paper distribution depot.

seen that several British property companies have made a valuable and successful contribution to commercial development in many Continental cities."

But Erdman's main theme was on promoting better understanding of varying national property practices within the EEC. Uniformity on all facets of real estate procedure was not possible at present, he said. But he singled out the following to be worked on:

Stamp Duties and Transfer (or Registration) Taxes might be brought more into line. He quoted as examples the British rate of 3 per cent, Holland's 7 per cent, West Germany's 7 per cent, Belgium's 14 per cent (including notary's fees) and France's 18.6 per cent. Measurement of buildings should be unified or, if that was not possible, methods of measurement could at least be clarified. He quoted the common Belgian practice of taking in

half the width of the external walls and including all landings, stairs and toilets.

Thirdly, Erdman suggested that clear definitions were necessary for the method of calculation used to arrive at net percentage yields on investments.

The Australian buyer

Town and City would not reveal the name of the institution paying £30m. for just under half the group's Australian portfolio, the reason being that negotiations, at the time of the annual meeting on Tuesday, had not progressed beyond the letter of intent stage. But James Forth, reporting from Sydney, reports on the buyer, who among other things is getting some very good regional shopping centres, including Marion outside Adelaide, which Town and City pioneered in Australia. He writes:

The Commonwealth annuities fund was unable to approach SAIBN, an annual investment close to \$200m.

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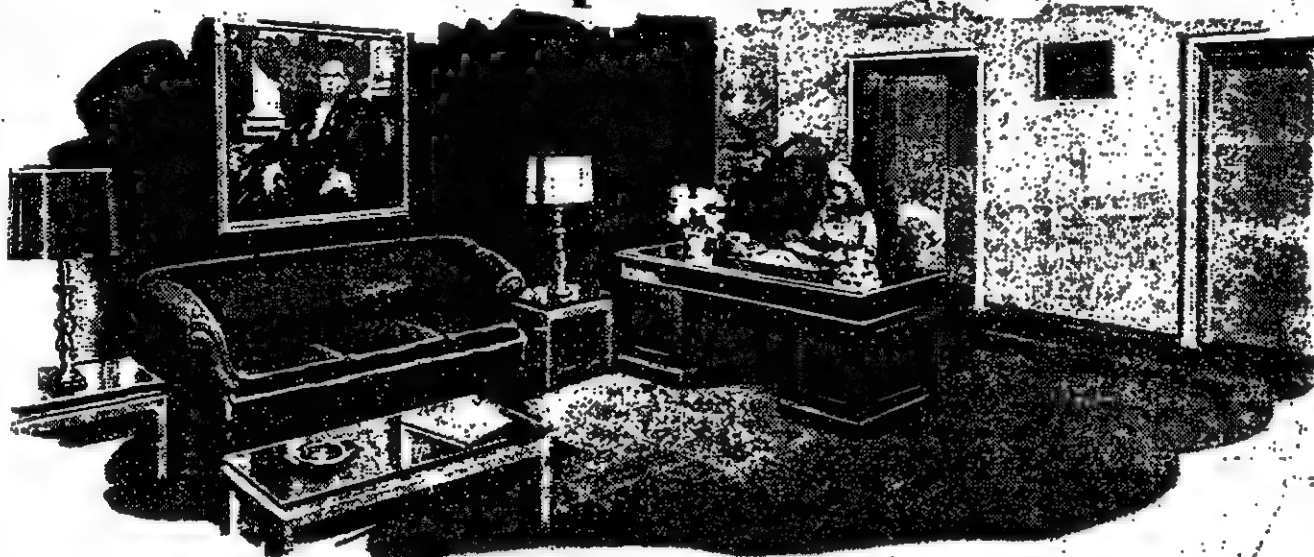
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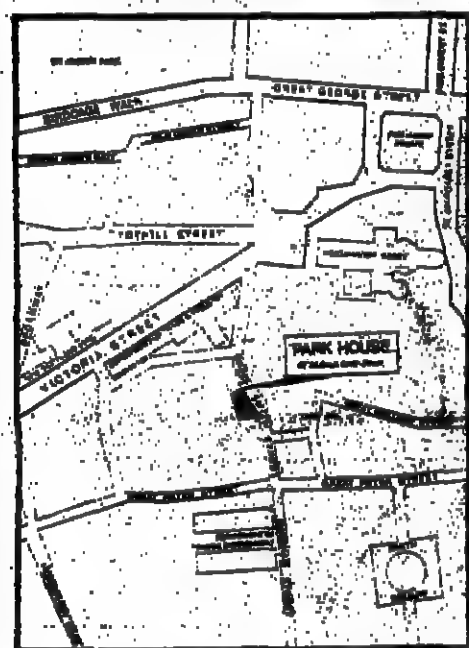
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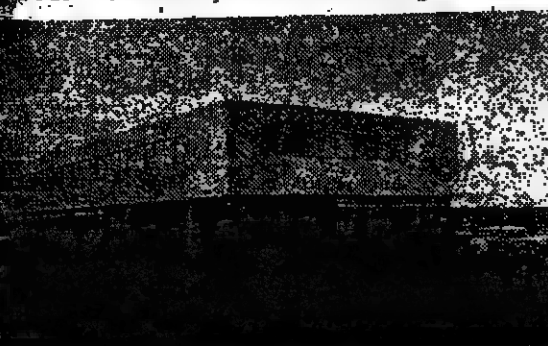
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HOME NEWS

Give Scots 30% of oil cash, says rebel party

REVENUE FROM North Sea oil
 licences should be split between
 Scotland and the rest of the U.K.
 with 30 per cent. going to the
 Scottish Assembly, the break-
 away Scottish Labour Party said
 yesterday.
 In a draft discussion paper, a
 working party said that the
 Assembly should be involved in
 all future participation negotia-
 tions with the oil companies.
 A Joint Board should be set up
 by the Assembly and the West-
 minster Parliament to handle
 future licensing rounds and the
 future allocation of revenue.
 "Scotland's share is put at 30
 per cent, because of the higher
 level of deprivation found in
 Scotland and to allow for the
 fact that it is Scotland which will
 bear the brunt of the ecological
 damage caused by oil exploration,"
 said the report.
 Other demands in the report,
 launched in Glasgow, are for
 Scottish sovereignty within the
 EEC, wider powers for the
 Assembly (including the power
 to raise taxes) than those pro-
 posed in the Government's Devo-
 lution Bill.
 The assembly should be
 elected by proportional representa-
 tion for a fixed term of four
 years and should be run on a
 committee system. After the
 first session, there should be
 no dual membership of the
 Assembly and the Commons.

Footwear industry may seek Industry Act aid

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE FOOTWEAR industry may
 seek Government aid under the
 Industry Act to help it meet
 foreign competition.
 Proposals for wide-ranging
 measures, such as those intro-
 duced under the wool textile
 scheme, are likely to be made
 by the Footwear Study Steering
 Group—a tripartite body repre-
 senting management, unions and
 the Department of Industry.
 The group, set up by the
 Government to work out a
 strategy for the survival of the
 industry, which has been hit by
 falling demand and an upsurge
 in imports—is scheduled to
 report in December.
 Mr. George Marriott, the chair-
 man, said that a separate sub-
 mission for aid was likely to be
 made under Section 8 of the
 Industry Act.
 The British Shoe Corporation
 has now delivered a lengthy
 report to the Industry Depart-
 ment, rejecting allegations that
 it held a monopoly position in
 a fashion footwear detrimental to
 the industry.
 The Economists' Advisory
 Group of management consul-

tants, in a report commissioned
 by the department, recommen-
 ded that Sir Charles Clow's
 chain of nearly 2,000 retail out-
 lets be broken up into six
 separate groups.
 A sub-committee of the steer-
 ing group will consider British
 Shoes comment at a specially
 convened meeting on Novem-
 ber 4.
 The investigation by the Office
 of Fair Trading into whether
 the corporation should be
 referred to the Monopolies Com-
 mission is unlikely to be con-
 cluded this year.

Education groups praise debate call by Callaghan

TWO POWERFUL groups in the
 education world—the Council for
 Local Education Authorities
 (CLEA) and the Committee of
 Directors of Polytechnics—yes-
 terday welcomed the Prime
 Minister's call for a national
 debate on education.
 CLEA, which represents all
 local education authorities in
 England and Wales, is to meet
 Mrs. Shirley Williams, the Edu-
 cation Secretary, early next
 month. In a statement yesterday,
 it sharply makes the point that
 it looks forward to being brought
 into full consultation by the
 Government.
 Much of the educational world,
 particularly the unions, are still
 smarting under the fact that the
 secret critical document on edu-
 cation, sent by the Department
 of Education and Science to Mr.
 Callaghan—has still not been
 released—and was drawn up with-
 out any consultation with the
 unions.
 CLEA also states that in the
 last ten years schools have had
 to accommodate an extra 2m.
 children, and during that time
 the proportion of school leavers
 achieving some success in a
 public examination has doubled
 to about 80 per cent.

Cash for film projects is limited

BY ARTHUR SANDLES

INDEPENDENT British film
 makers have been told by the
 National Film Finance Corpora-
 tion, which recently received an
 additional £2.373m., that they
 still cannot expect full grants
 to make pictures. The Corpora-
 tion is to stick to its policy of
 taking a part-interest in projects.
 Although the Corporation was
 set up to stimulate the domestic
 industry its recent money prob-
 lems have forced it into an in-
 creasingly commercial stance.
 Its latest annual report shows a
 loss for the year of £331,659, of
 which £328,447 was interest on
 project on its merits.
 "Sir John Terry, managing
 director, said that it had been
 forced to reject a plea from the
 Association of Independent Pro-
 ducers for the corporation to
 back the entire cost of a pro-
 gramme of "characteristically
 British films".
 "We are prepared on suitable
 occasions to depart from our
 general rule of requiring a film
 distributor to provide a substan-
 tial part of the budget finance.
 In other words, the Corporation
 will continue to consider each
 project on its merits."

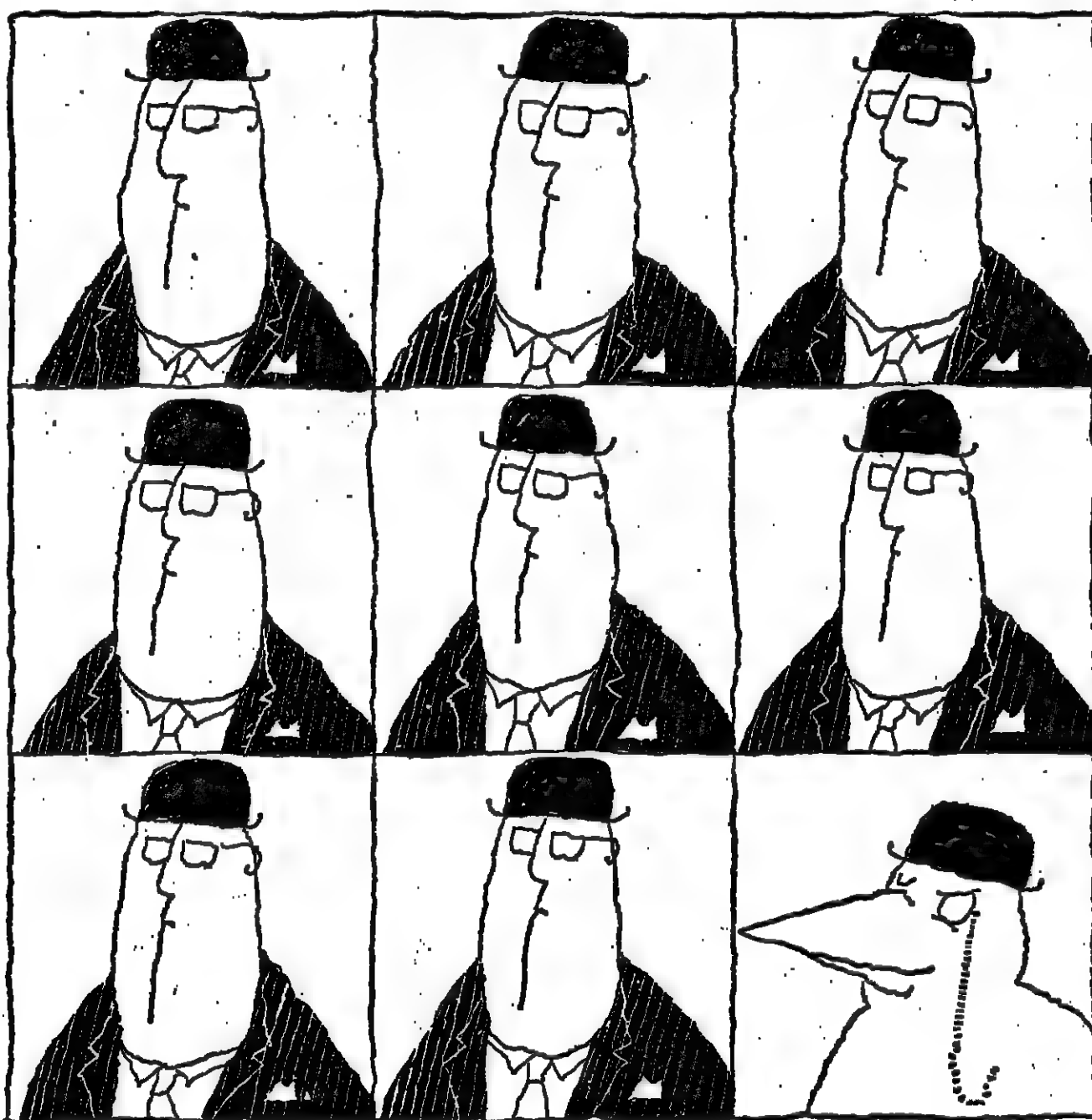
State-backed emergency dental clinics urged

BY DONALD MACLEAN

AN EMERGENCY dental ser-
 vice, sponsored by the Govern-
 ment, has been called for by the
 British Dental Association.
 The service should be based
 on public clinics with dentists
 attending on a rota system and
 receiving a sessional payment,
 the association says.
 The Government agreed in
 1974 to pilot schemes, but pro-
 gress has been halted "by the
 refusal of the Department of
 Health and Social Security to
 consider reasonable payment for
 dentists taking part."
 The Department had insisted
 on a rate of £150 for a three-
 hour session, which was less in
 terms of hourly net pay than
 that agreed by the Government
 for contractor dentists working
 in conventional surgery hours,
 the Association said.

Matsushita recruits

MATSUSHITA ELECTRIC is to
 recruit more staff for its new
 factory at Pantwyn, Cardiff. The
 company has started making
 colour televisions, and says it
 will take on 120 employees in
 the next few weeks. There is
 the likelihood of more jobs in
 February next year.
 Dr. Arthur Suddaby, chairman
 of the Committee of Directors
 of Polytechnics, said in a state-
 ment today that the directors of
 the 30 polytechnics involved
 believed there is a need to find
 ways of attracting the most able
 young people into manufacturing
 industry.
 The failure to do so, says Dr.
 Suddaby, also of the City of Lon-
 don Polytechnic, relates to the
 lack of esteem which attaches
 to careers in design and manu-
 facture compared with careers in
 scholarship, research and public
 administration.



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 Tel. 72 94 250, Telex 1-3006
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 Telex 1-2911

International financings: Mr. ANTON, Tel. 72 94 750, Telex 7-5445
 New Issues Syndication: Mr. NOWAK, Tel. 72 94 634
 Telex 1-3915
 Non-recourse financing: Mr. SCHUBERT, Tel. 72 94 329,
 Telex 7-5445

APPOINTMENTS

Scottish and Universal Investments Ltd.

- A MANAGING DIRECTOR is to be appointed to take over the role of Chief Executive.
- RESPONSIBILITY will be for the total management and further profitable development of the undertaking.
- REMUNERATION will not be a limiting factor.

Those who wish to be considered for this appointment are invited to write in confidence to Sir Peter Youens who has been retained as adviser to the Board.

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CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY SOCIÉTÉ NATIONALE DES INDUSTRIES CHIMIQUES "PURCHASE DEPARTMENT"

INTERNATIONAL INVITATION TO TENDER

Year: 1977

Société Nationale des Industries Chimiques (SNIC) is launching a tender for the supply of raw materials and intermediary products for its units of:

- Paint
- Detergent
- Cosmetics
- Glass and ceramic
- Explosives
- Commercialisation

Companies interested in the above may obtain the tender documents from SNIC, Division des Achats, Cinq Maisons, EL-HARRACH, Algiers, BP 27, Algeria. Telex 82 940. Telephone 76.37.82 to 87—against payment of Dinars 100.

Tenders should be sent in double sealed envelopes—the inside envelope bearing the mention "TENDER No. MP/77/08—Not to be opened"—not later than November 10, 1978, the postmark being taken as evidence of the date of posting.

Tenders remain bound by their quotation for a period of six months.

Technical instructions and samples of the proposed products must be submitted before the closure of the tender.

AUSTRALIA

200 MW GAS TURBINE GENERATING PLANT

Tenders are invited by the State Electricity Commission of Victoria, Australia, for the manufacture, supply, delivery and erection of a 200 MW Gas Turbine Generating Plant including transformers, switchgear and plant enclosure to be installed in the State of Victoria, Australia.

Facilities are available for the scrutiny of all relevant specifications at the offices of the Agent General for Victoria, Australia, Melbourne Place, Strand, London, W.C.2, and appointments can be arranged by telephoning 01-836 2656.

The closing date for receipt of Tenders in Melbourne, Australia, is 9th November, 1978.

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EXHIBITIONS

BRITISH ANTIQUES FAIR Tower Hall, Oct. 18-20, 11 am-6 pm. Bargains

COMMODITY ACCOUNTANT

Qual. or equal. Responsible for monthly, management and party accounts, reports to Group Financial Controller. Terminal market experience and age 25-40, preferred. Salary negotiable. Apply: Peter Stewart, Chartered Accountants, 9 Gt. Newport Street, London, W.C.2. 01-836 2377.

COMMODITY Executive wanted. Charterhouse Accountants. 01-836 2377.

LEGAL NOTICES

No. 00025 of 1978
In the HIGH COURT OF JUSTICE (Chancery Division Companies Court), in the Matter of RAVEN SHIRTS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of October 1978, presented to the said Court by RAYMOND J. JONES, of 10, Drummond Street, London, W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2, on the 14th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished to the petitioner, or any creditor or contributory of the said Company, on request, such copy of payment of the regulated charge for the same.

PAISNER & CO.,
44 Bedford Square,
London WC1B 3EJ.
Ref: 11.

NOTICE is hereby given that the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2, on the 14th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished to the petitioner, or any creditor or contributory of the said Company, on request, such copy of payment of the regulated charge for the same.

No. 000472 of 1978
In the HIGH COURT OF JUSTICE (Chancery Division Companies Court), in the Matter of WEST HARROW PLANT LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of October 1978, presented to the said Court by MIXCONCRETE LIMITED, whose Registered Office is at Mixconcrete House, 1109, Billings Road, London, W.10, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2, on the 14th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished to the petitioner, or any creditor or contributory of the said Company, on request, such copy of payment of the regulated charge for the same.

P. P. RUGH & CO.,
5, Rotherhithe Lane,
London, E.C.2.
Ref: GR.

Agents for:
DENNIS FAULKNER AND ALCOF.

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention to do so. The notice must state the name and address of the person, or firm, or his or their solicitor (if any) and must be signed by the person, or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice in writing of his intention to do so. The notice must be sent by post in sufficient time to reach the above-named notice in writing of his intention to do so. The notice must be sent by post in sufficient time to reach the above-named notice in writing of his intention to do so.

No. 000472 of 1978
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COWARD CHANCE,
Rexes House,
Albion Works, 100, Square,
London, E.C.3.
Ref: MND/34/SC/RDE.

Agents for:
MONCRIEFF WARREN
PATERSON & CO.,
1 Birmouth Square,
Glasgow G2 4AA.

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention to do so. The notice must state the name and address of the person, or firm, or his or their solicitor (if any) and must be signed by the person, or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice in writing of his intention to do so. The notice must be sent by post in sufficient time to reach the above-named notice in writing of his intention to do so.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM

CHILEAN 5% LOAN 1971 (2ND SERIES)
NOTICE IS HEREBY GIVEN
Drawing of Bonds of the above loan took place on 20th October 1978, at the offices of the Agent General for Chile, Mr. Keith Francis Street, 2nd Floor, 100, Strand, London, W.C.2, and the following bonds were drawn for redemption at par on 1st November 1978:

1. Bonds of £1,000 Nominal Capital each

2. Bonds of £500 Nominal Capital each

3. Bonds of £250 Nominal Capital each

4. Bonds of £125 Nominal Capital each

5. Bonds of £62.50 Nominal Capital each

6. Bonds of £31.25 Nominal Capital each

7. Bonds of £15.625 Nominal Capital each

8. Bonds of £7.8125 Nominal Capital each

9. Bonds of £3.90625 Nominal Capital each

10. Bonds of £1.953125 Nominal Capital each

11. Bonds of £0.9765625 Nominal Capital each

12. Bonds of £0.48828125 Nominal Capital each

13. Bonds of £0.244140625 Nominal Capital each

14. Bonds of £0.1220703125 Nominal Capital each

15. Bonds of £0.06103515625 Nominal Capital each

16. Bonds of £0.030517578125 Nominal Capital each

17. Bonds of £0.0152587890625 Nominal Capital each

18. Bonds of £0.00762939453125 Nominal Capital each

19. Bonds of £0.003814697265625 Nominal Capital each

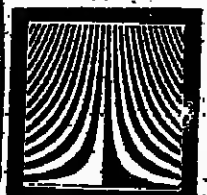
20. Bonds of £0.0019073486328125 Nominal Capital each

21. Bonds of £0.00095367431640625 Nominal Capital each

22. Bonds of £0.000476837158203125 Nominal Capital each

23. Bonds of £0.0002384185791015625 Nominal Capital each

24. Bonds of £0.00011920928955078125 Nominal Capital each



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

Diesel knock and fumes eliminated

RECENT developments in the technology of gas-powered internal combustion engines by a small U.K. company has enabled the organisation to undertake conversion of heavy diesel engines for large goods vehicles to propane burning, with significant benefits for hauliers.

Converted engines develop up to 15 per cent more power and lose their "diesel knock" thus running much more smoothly and quietly. Exhaust gas is clean, colourless and almost without smell, and maintenance is cut down considerably because the lubricating oil does not become contaminated.

A Scammel 32-ton tractor unit powered by a Gardner 180 engine has been converted and extensively tested, running on LPG.

On this vehicle, the compression ratio has been reduced and electronic ignition installed. The converters claim that it is now able to operate 50,000 miles without servicing.

The company is now concentrating on the conversion of urban delivery vehicles using diesel, as well as those diesel engines which have to operate in confined spaces and therefore can give rise to complaints about exhaust fumes and noise.

With support from the NRDC, the company has also carried out a feasibility study under which a 16-ton Bedford tractor was converted to operate on methane or North Sea gas. This is stored in a cryogenic tank in the solid state so that no boil-off takes place. The gas evolved by the system is fed to the engine.

MATERIALS

Prepainted aluminium gutters

ALUMINIUM rainwater goods including gutters, down pipes and the associated accessories are the latest products to be fabricated from Alcan Duralcote 70 prepainted aluminium.

Independent fabricators, with Alcan's technical and development support, are developing the concept of seamless aluminium guttering. These gutter specialists utilise portable roll forming equipment to manufacture a seamless rainwater system on site, using narrow width prepainted aluminium coil.

These systems, have been in wide use in both Canada and the U.S. and are now expected to develop rapidly in this country, now that a suitable prepainted aluminium is available for the environment.

Alcan Duralcote 70 is produced on a modern high speed coil coating line and uses the latest high technology coatings. Specifically designed for the building market, this coated aluminium system gained Agreement approval in 1978 after a stringent series of evaluations related to performance in the laboratory and in aggressive exterior locations. The Agreement Certificate states that the paint system provides protection against corrosion for over 30 years.

INSTRUMENTS

Humidity reference

A COMPACT portable device put on the market by Lee-Dickens provides in a small test chamber an atmosphere in which the relative humidity is held constant to 0.01 per cent.

COMPUTING

Aid for the property manager

DISC-BASED, an accounting, enquiry and reporting system has been designed by Burroughs specifically with property management in view.

It covers tenants accounting, client accounting and management reporting, covering rent demands, rent collection lists, arrears letters, rent statements, service charge statements and cash analysis and disbursement lists.

The package has already been installed and operated at a number of sites. It is available at a small fraction of the cost that would be incurred should a property company decide to develop its own system.

Burroughs, Heathrow House, Bath Road, Cranford, Hounslow, Middx. TW5 9QL. 01-769 6622.

Add-on for a mini

AVAILABLE to users of Digital Equipment Corporation's PDP-11/70 minicomputer is a semi-conductor add-on memory system which can increase the computer's main memory by a factor of four to four megabytes.

Designated "in-1670" it is electrically and mechanically compatible with the DEC machine and is complete with chassis, power supply, cooling fans and controller. Basic capacity is 128 kilobytes and this can be expanded to 128 kilobyte increments to four megabytes.

The memory contains checking and correcting circuits which automatically correct single bit errors. If a double bit error occurs it is detected and the faulty address is recorded in registers which can be inspected during maintenance.

More about the memory, which is about twice as fast as the computer's on board system, from 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

ENERGY

Wind power for Cape Wrath light

TRINITY HOUSE, the ERA to carry out under a study of the feasibility of wind-powered unit to Cape Wrath lighthouse. "Because of the 'static' conditions imposed on a lighthouse, this would indicate that power generators have to be at least on a 50 ft. tower.

The lighthouse is on the tip of Scotland in one of the most stormy areas of the sea and fuel has to be ported out to it by 5 Land Rover.

ERA's contract covers phase of a three-stage study. Under this first stage, it will make a detailed study of wind conditions in the area.

ERA is being appointed impartial judge of the number of wind-driven units available on the market, following a survey which it has carried out. A study carried out by ERA in 1976 on the windpower units, telecommunications, and also following its estimate of wind-power for in and domestic applications in Britain in the face of numerous competitors, the Department of Energy, none of which are yet in the market.

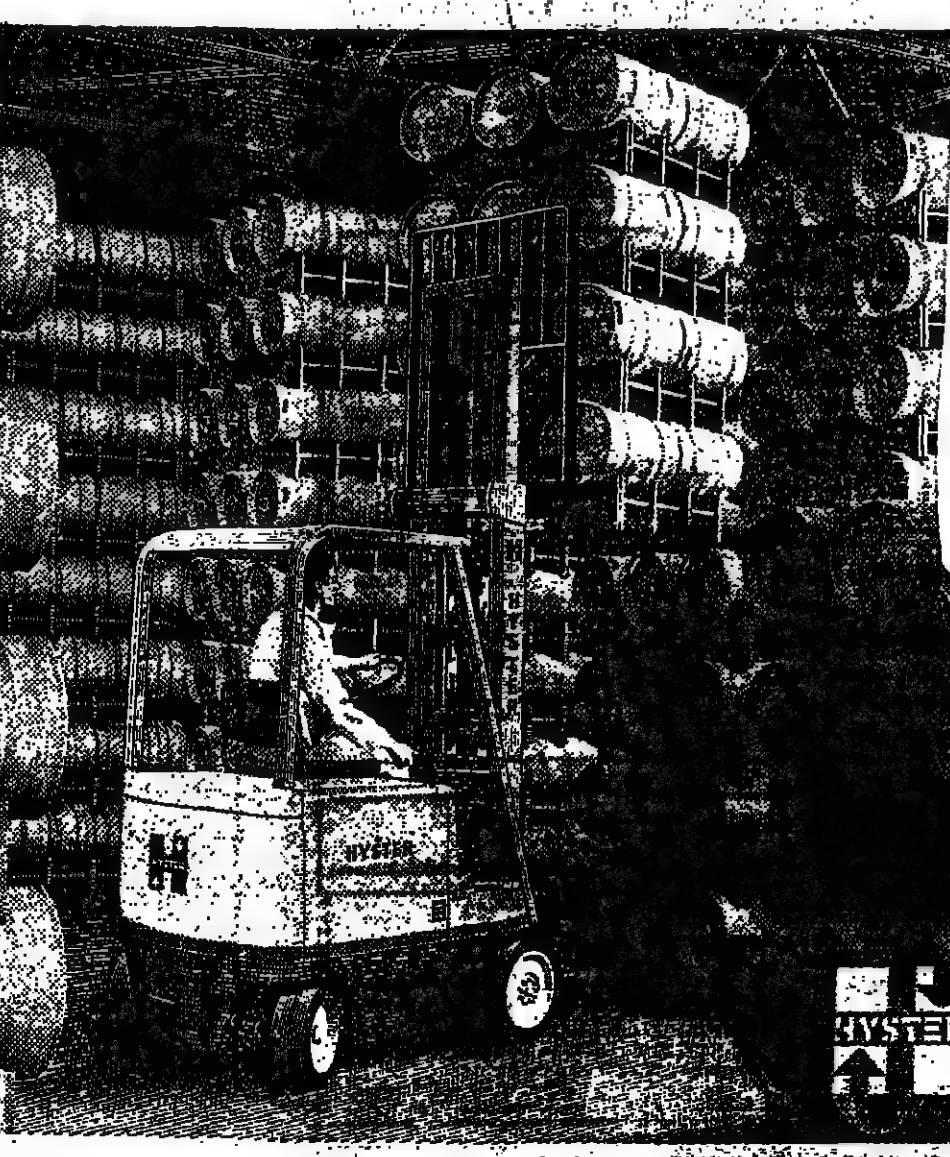
ERA, Cleeve Road, 1 head, Surrey KT22 7SA. Tel: (08725 74131).

SERVICES

Finds the goods in Europe

CLOSE ON 70,000 names of companies in the nine C.M.A. countries are in the Common Market phone directory. But if you cannot locate a supplier, you can find it in the D.E.I. directory, as well as companies in the C.M.A. countries. It was initially set up by the C.M.A. countries to help companies find suppliers who would be in the following annual edition. It has now been extended to include a research centre in London.

Further information is available from the source or from the D.E.I. Research Centre, Anglia House, 100, King Street, London EC2A 4PU. Tel: (01-479 31930).



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مكتبة النور

The Management Page

EDITED BY JOHN ELLIOTT

JOHN ELLIOTT traces the growing problems facing companies and their managers as real incomes fall and efficiency suffers.

The pay squeeze that threatens industry

MANAGERS HAVE been complaining for a long time that they are the poor relations of Britain's industry with inadequate monetary and other rewards, with little social status, and with an increasing burden of problems to be dealt with day to day. The complaints have been aired for so long and from so many political and institutional platforms that they rate little space in the newspapers. They are usually dismissed as the special pleadings of a self-important and over-rated group of people who do not deserve any special attention and who are unlikely to revolt collectively however hard they are pressed.

On the other side of the coin, the perks and possibly illicit extras that these managers can sometimes obtain for themselves in high publicity whenever a "scandal" can be uncovered. Every such new discovery is fuel for Labour Party supporters and others who believe that the managerial class should be squeezed even more.

Two recent events have illustrated these two aspects of how the country views its industrial management — and indeed all the scientists, engineers, technologists, journalists and others earning £8,000 or more who have found their net real incomes falling in the past few years by in-

Prospect

Company directors and their personal advisers have now begun to accept that there is no early prospect of the Government taking action which would enable them to employ fully motivated and satisfied managers.

At the same time they are beginning to realise that, even if the national pay policy were to be totally relaxed next year, they still could not put their managers and senior technologists and others back on the

net income levels they were enjoying until comparatively recently. This is because it would mean, for example, giving people earning say between £8,000 and £12,000 a £5,000 rise. Even if this were allowed by a pay policy (which it would almost certainly not be), few companies could afford to pay out such a sum and even if they could afford it for a lucky few, they could not withstand the impact such a rise would have on their pay structures. And even if these problems were surmountable, there would be little point in paying out so much money because most of the rise would be dissipated in taxation.

The conclusion that companies have come to therefore is that, however hopeless it may seem, they must try to persuade the Government to ease taxation levels; and this week the CBI has launched a demand for a 60 per cent. top marginal tax rate instead of the present 83 per cent. even though Mr. Callaghan made it clear at the BIM dinner that no early taxation help should be expected by managers. This statement from Mr. Callaghan overturned hopes which some senior personnel directors had been building up during the summer that they had persuaded Mr. Callaghan and Mr. Denis Healey, the Chancellor of the Exchequer, that some urgent help should be forthcoming. A managerial optimist might argue that the Prime Minister made his remarks at the BIM dinner as a political ploy to push out a managerial backlash which would make it easier for the Government to persuade the TUC next summer to allow managers something more. Top managers in industry however are taking Mr. Callaghan at his word and to-day at the Institute of Personnel Management Conference in Harrogate, Mr. John Methven, the CBI's director general, will be launching a campaign to swing public opinion behind the managers' cause.

The worry in the minds of senior company executives is that, while they may have come to terms with the reality of the present Government's policies, few of their managers scattered around the country yet understand that help is not just round the corner, that the next Budget may well not ease their taxation position, and that the

pay policy starting next autumn may well not allow them big compensatory rises, even though it may have a percentage element.

The fear is that, once the reality becomes apparent, the frustrations, worries and disenchantment of those involved will seriously harm industrial efficiency. Few company directors talk in terms of mass resignations or mass emigration.

cash. In other words, companies are no longer free to reward a manager sufficiently to eliminate some of the family problems that might distract him from full concentration on company affairs. Companies also report that there is sometimes a marked lack of willingness of managers to work excessive hours for little reward—especially if they feel so squeezed financially that they

must decorate their house or quoted four of its 100 top managers emigrating to foreign firms in the past two years, that employees working abroad will not come home, that managers cannot be bothered to take on increased responsibility, and that the mobility of appointments needed to ensure the right man is in the right job and is receiving the right background training for the future cannot therefore take place.

The companies stress—as one would expect—that they do not rely on financial incentives to motivate their management. They achieve motivation by giving them challenging jobs, freedom to use initiative and other similar methods. But they add that it is essential to reward the successful manager with a high salary to give him and his family a comfortable life style and it is this that cannot now be done.

Companies are now therefore looking, without much confidence, into various methods of trying to remedy the situation. Their first line of attack, as Mr. Methven's speech will show, is to try to change public opinion and therefore Government policy. Even if they do not succeed in changing the Government's line they believe that

managers will be partly motivated by the sight and sound of people arguing in public on their behalf.

A second line of attack might be to examine a company's internal structures to see how its organisation and methods of working could be changed. Management consultants, eager for fresh business, are realising the potential here but generally companies seem loath to add to their complicated problems by recruiting outside motivational consultants.

A third line is to see what can be done on the fringe to improve the valuable manager's lot. Since the BOC episode earlier this month, companies have been even more unwilling than normal to discuss their policies on perks—although many make the point that it is much easier for a small company to hand out the odd extra without anyone noticing, than it is for a big organisation to do so.

But companies are reviewing their perks to see if they can add, for example, items such as extra travelling allowances, free clothing and luggage for travel, preparation of executives' tax returns, free credit card facilities to the more traditional perks of company cars and medical insurance. A company might even consider moving its headquarters management staff abroad to ease its problems while others are considering giving their brightest young senior managers top jobs abroad to enable them to build up some capital. Another idea is for a company's remuneration consultant to give the company's top executives free advice on managing their personal financial affairs.

positions, who are bearing the brunt of industry's present problems and who, as one personnel director put it, "work 12 or more hours a day and resent being lumped in Labour speeches with parasites of the financial world."

Many TUC and Labour activists however do not bother to differentiate between the really rich and line managers who they believe have been cosseted for too long and deserve a cut in their life style. This may be difficult for middle and senior managers who have already committed themselves to high financial outgoings, but it could be less of a problem for the next generation of managers who would be able to set a lower financial threshold for their ambitions and fit in more happily into lower salary brackets.

This of course ignores the problem of international competition from foreign companies allowed to pay higher salaries and also dodges the issue of how British industry copes while the present generation of managers becomes increasingly frustrated as they finish off their careers. But an even more important problem is the issue of whether youngsters will want to go into industrial management if they see differentials being permanently compressed. Already there is deep resentment in industrial areas between say, the hard-worked factory production manager who has been squeezed in the past couple of years, and his neighbours such as civil servants and self-employed estate agents who may have lost little.

The TUC has suggested that there should be a top level of perhaps £20,000 for all salaries and see the present squeeze of managerial pay as a step in this direction. If the unions continue therefore to wield significant influence over Governments, recent reduction in managers' net incomes may turn out to be but companies with the problem of the start of a significant social shift which, whatever its long-term goals, may have a serious impact on industrial front-line factory management parties.

Many of these ideas, however, would be caught by the pay policy and a lot of the perks could only be applied generally to people in the £15,000 to £20,000 bracket. This still leaves companies with the problem of what to do for those earning from £20,000 to £25,000 upwards, and it is these people, often in serious impact on industrial front-line factory management parties.

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DIRECTORS' JOBS

An agency for the non-executive

BY TERRY GARRETT

A NEW company, Directorship Appointments, is launched this week with the aim of providing industry with a source of non-

executive Board members or consultants ranging from chairmen to technical specialists.

Directorship Appointments has spent the past six months canvassing companies, mainly public quoted groups, to find out whether they require the services of non-executive directors, or whether existing Board members wished to offer their services to other companies in a non-executive capacity.

Over this time the company has built up a list of some 200 people willing to offer their services part-time with other groups. Though the company has concentrated on setting up this nucleus some clients have already started recruiting and 20 appointments are currently being negotiated.

Contribute

Mr. Michael Mander, chairman of Directorship Appointments, said that most of their candidates are not motivated by money, but are people who feel they have something to contribute to other Boardrooms. Some are people who wish to broaden their own interests, knowledge and contacts and, in some cases, companies for which they work full-time have encouraged them to seek additional outside experience. The group does not intend to "peddle professional non-executive directors."

Mr. Mander went on to say that public discussion on the role of the non-executive directors understandably tends to concentrate on the "watchdog" aspect and loses sight of the more important role which he believes to be the provision of additional experience in the boardroom.

Charges are payable only by the client company when a candidate has been accepted. The fees on the appointment of a director or consultant are £700 plus 20 per cent. of the first year's remuneration. For the provision of a chairman the figure rises to £1,500 plus 20 per cent. No fees are taken from the candidates.

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Telex: 886341/2, 853597
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FRIDAY, OCTOBER 22, 1971

Over-gradual gradualism

BOTH THE Chancellor and the Governor were somewhat more outspoken than usual at last night's Bankers' Dinner, but not so outspoken as to suggest that there is any basic difference of approach in quite compatible economic policy—a difference of emphasis, perhaps, resulting from their special fields of responsibility, but a common purpose. Such an apparent fundamental similarity of approach is quite compatible with strong differences of opinion about how a particular situation should be handled.

The Governor began by speaking out loudly in defence of the City against the various attacks made upon it. He found no difficulty in refuting the accusation of inefficiency or in pointing out that the law had occasionally to be revised to check new abuses in all fields of activity. The City's self-regulating mechanisms, supported by changes in the law and a new joint review body would, he rightly suggested, be the best means of proceeding.

It is notable in this context that the Chancellor, too, was concerned to establish closer contact between the Government and the City both on a formal and an informal basis. Money supply. When it came to dealing with the general problems of the economy, the Governor concentrated most of his attention, as was natural, on monetary policy. Pointing out that the Government's measures had not so far proved successful, he came out strongly in favour—and not merely as part of a borrowing operation—of setting a target for growth of the money supply. This target should be considered together with fiscal policy, so that the burden of responsibility placed on each could be judged, and should probably be capable of regular redefinition, as in the direction of economic policy as a whole was being reconsidered.

There is no doubt that the Governor believes that at present monetary policy is being required to shoulder a

Responsibility for public funds

WHEN A Minister commits large sums of public money to an industrial enterprise against the advice both of his own civil servants and of the Industrial Development Advisory Board, he is taking a very considerable risk. There needs to be compelling national interest arguments to justify it and every possible precaution must be taken to minimise the loss to the taxpayer if the gamble should fail. Neither of these conditions were met by Mr. Anthony Wedgwood Benn, then Secretary for Industry, when he provided £10m. to the three workers' co-operatives—the Scottish Daily News, Kirby Manufacturing and Engineering and the Meriden motor-cycle business. The background to these decisions, and the subsequent disasters, described in yesterday's report from the Public Accounts Committee, mark a disgraceful chapter in the inglorious history of Government rescue operations.

Management. Such elementary matters as the potential market for the company's products, the competence of the management and the adequacy of its financial resources, were ignored or glossed over. Meriden made a loss of £1m. in its first year, against a forecast profit of £200,000. Kirby, which for unspecified reasons was given a grant rather than a loan, lost about £12m. and earlier this year was still losing money at the rate of £60,000 a month; the overheads of the factory were far too high for the amount of production going through it. As the Public Accounts points out, the economic conditions in which the co-operatives were launched were about as unpropitious as could be imagined. This, together with their inheritance of the problems of failed enterprises, "reduced their value as experiments in industrial organisation and may have harmed rather than furthered their cause."

The idealism of the people involved with the co-operatives was no doubt admirable (as would Benn; the powers that Meriden, in particular, some

Roy Hodson analyses the deep-rooted problems of Britain's big building sites, revealed by NEDO

Construction's troubled tale

NOW THAT the National Economic Development Office report which so adversely compares performance on large British Engineering construction sites with similar works abroad has been made public (the findings and recommendations were summarised in yesterday's Financial Times), the way is clear for national action. The report, although an appalling tale, provides a new opportunity for all concerned—the Government, the big plant contractors, the trades unions, and the client industries for major plants in Britain—to attempt to get to grips with a deteriorating situation which is highly damaging to British industry.

The search for an effective national formula for the management of large sites is not new. It has been going on since the end of the last war. Various agreements, usually of a tripartite nature, have been devised, hailed as the long-sought answer, and eventually discarded or allowed to wither. The National Economic Development Council has itself been active in the search and has long hankered for a workable National Agreement.

Continuing concern at national level about the troubles on large construction sites has not prevented the general situation from steadily deteriorating. If the report now circulating which has been prepared by a working party of the Economic Development Committee for mechanical and electrical engineering construction, is to be worth more than the paper it is printed on it must have sufficient impact to check the downward spiral.

Higher output abroad. As the joint working party team, drawn from the unions, the clients and the contractors, laboured through their comparisons of progress in the building of power stations, chemical plants, and refineries, in Britain, Europe and America, the bad showing of the British sites chosen for comparison purposes became increasingly obvious. Poor industrial relations on the sample British sites have been identified as the principal reason for higher costs, followed by the fact that building programmes run for years longer than on similar sites abroad.

But the working party was also able to conclude that times scheduled for projects abroad are shorter, then when delays are incurred abroad they are made good more easily; that manning levels abroad are lower, and that construction efficiency and labour productivity abroad are higher. Two of Britain's biggest industrial sites at present are the Redcar, Teesside, site where the British Steel Corporation's most important development worth £2bn. is going on, and the Central Electricity Generating Board's Isle of Grain sale on the Thames where Europe's biggest oil-fired power station is not likely to cost less than £500m. The serious labour problems that have been experienced on both sites this year give point and urgency to the NEDO International survey.

Mr. John Eccles, president of the Metallurgical Plant Makers Association, has described the Redcar site situation as "disastrous" in evidence to a Committee Select Committee. But, according to the Northern Counties Sites Group (made up of Teesside contractors and clients) things at Redcar are no worse than at a series of neighbouring sites.

At the Isle of Grain a strike of the Babcock and Wilcox labour force of nearly 1,000 (to which the company eventually responded by dismissing the men) is now just entering its 19th week with small hopes of an early settlement. Fieldwork by NEDO on the Isle of Grain site before the dispute arose showed that the output of Babcock and Wilcox labour was

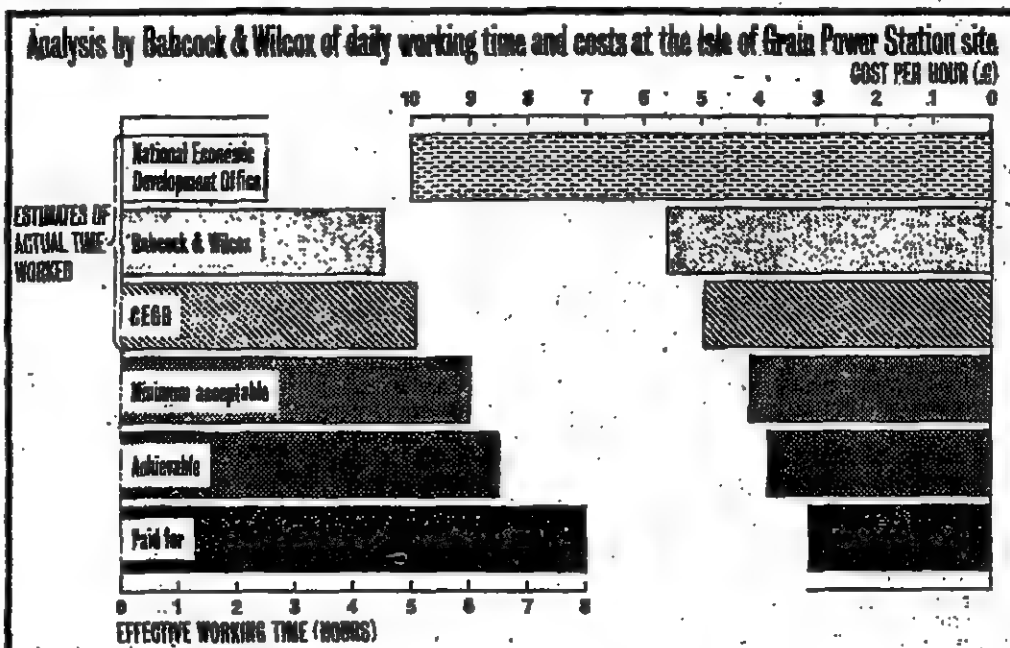
be barracked. He might take a few names. But what good would that do? They would drift off, their work at about 9 o'clock."

NEDO erected its last big milestone along the stony road in search of an efficient site management system in a 1970 report called *Large Industrial Sites*. That recommended the adoption of new policies in mechanical and electrical plant construction which "could result in benefits running to many millions of pounds." At that time the power station building programme appeared seriously behind schedule with an average lag of 18 months. Now, six years later, the power station building delays are running at about four years.

The 1970 report had a lot to say about management by client, about training, about programming, and about the need to follow up the report with a vigorous process of reform. But its central recommendation was that there should be a single, comprehensive, national agreement covering all mechanical and electrical construction work. Predetermined parts of that agreement, it was suggested, should be formally negotiated at site level before work ever started.

forces. These men can upset the stability of a site in a moment by provoking an angry mob of resident site workers over the sub-contractors' often superior pay. The board decided to re-cast its own organisation for power station building and, at the same time, attempt to work with a small number of main contractors on power station sites.

The CEB's new generation and construction division has been integrated into one unit



falling to as low as 20 per cent. of what can be said theoretically to be a fair day's work for a fair day's pay. The table shows various estimates of the performance of men on the site.

A manager who has worked on the Isle of Grain project gave a vivid picture of what low productivity means in real terms: "The men were supposed to be on the job at 8 o'clock in the morning. At perhaps ten minutes past eight the responsible site manager would go into a canteen crowded with hundreds of men and tell them to get on to the job. He would

Six years have passed. No national agreement has been achieved.

The Central Electricity Generating Board, meanwhile, made its own efforts to re-establish control of sites by changing its contracting system. In the absence of a single national agreement the board decided to try to control the pay and conditions of individual sites by moving away from the sub-contracting system for specialist work. Traditionally hundreds of sub-contractors move in and out of big sites with their small work

duce not only custom but also profit (\$178,000 last year in New York) which is ploughed back in the form of grants to theatres. By the autumn, however, things were getting so bad in the West End that hints of co-operation were forthcoming.

At this the Arts Council, appointed Norman Hudson as administrator and started making plans for opening day. The agencies are not exactly enthusiastic, so this month has seen the London Tiks open, but with no mainstream theatres co-operating.

Since the start of the month Tiks has been offering half-price seats to what might be regarded as fringe theatre—yesterday it was the Roundhouse, the Bush and the Ashcroft. The lonely staff have had to turn away people said to be asking for others in the certain knowledge that this wet week has seen many London theatres desperate for the cash that Tiks could provide.

Thus Tiks, the theatres and the agencies all continue playing their waiting game, with the Arts Council hoping they can prove there is a demand, and the theatres can find a way through the agency objections. New York experience it says, shows that agencies don't suffer anyway since only last-minute bookings are taken, and then only after 3 o'clock in the afternoon. At the moment Tiks is tucked away in a corner of Covent Garden, unpublished but slowly acquiring custom. There are plans to move it to Leicester Square, the tourist hungry GLC can bring it to give planning permission.

Praise indeed. "Dickens would have liked it this way," is the heading to a review in the *Journal* The Stage of the current television series on Charles Dickens. The article is written by R. W. Shakespeare.



The strike-bound construction site of the Isle of Grain power station in Kent, where men used to come to work an hour late.

have culminated in one contract. Babcock and Wilcox, relinquishing those parts of its contract which involved work normally handled by sub-contractors and which was outside its main contract for the station's boilers. But the CEBB does not see that setback as the end of its hopes for the new contracting system. Rather the Board is hoping to learn valuable lessons from the Isle of Grain situation.

Reducing the number of contractors has not, so far, given the Board the greater control over the sites it had hoped for. But, equally, it has removed the old sub-contractor problem. "At the moment we would not want to go beyond the Littlebrook pattern of about ten main contractors," says Mr. Arthur Jones, a director of projects for the CEBB.

Managers with ulcers

What really worries the clients and the big contractors for chemicals, oil, steel, and power generation plants is the heavy pressures upon management on the big sites. A project manager used to be expected to see a contract through over a four- or five-year period. But now that the slower rate of construction on certain sites is dragging out completion dates by years, managers are not staying the course. Two or three years seems to be the limit of managerial endurance on the most difficult sites. The daily arguments with groups of militant shop stewards, and the shop stewards' deputies, take their toll. Men drop out with ulcers or nervous breakdowns may need three or more top managers in succession to see a job through. And they are or leave for less taxing jobs in hard men to find.

The managerial problem is, as Mr. Campbell has discovered, that once a low rate of productivity is established on a site it is extremely difficult to base upon the management

are identifying the site team as having a direct hand with the numbers under a single command. The Isle of Grain Babcock Wilcox has been preoccupied, some adverse pressure in order to bring down a number of its work force from nearly 1,000 (with proved unmanageable) to 550 when work eventually starts.

Mr. Ken Campbell, managing director of Nuclear Power Co., Britain's only remaining power-station builder, is that to have the men on it units larger than 400 for a single contractor inevitably lead to trouble. It warns against allowing number of men in any one team to build up enough work is there for to do.

The whole construction industry has discovered the hard way that once a low rate of productivity is established on a site it is extremely difficult to base upon the management

The Isle of Grain troubles

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Congress adjusts to the crisis years

IT IS no single cause of English sickness, and there is no single cure. Certainly ought to be, but the response to the "magic" which a procession of specialists are pressing on the poor old body politic. Just the there is something to be said for isolating some of the urgent and distressing symptoms and trying at least to treat them by reference to prescriptions which other have found effective.

What has happened, in essence, is that the U.S. Congress has re-established control of its own destiny. It has done so by a series of measures which are the most significant in the history of the American political system. It has done so by a series of measures which are the most significant in the history of the American political system.



Sen. Muskie (left) and Rep. Brock Adams: close liaison.



health, education, transport, industry and defence. When these targets have been debated and, if necessary, amended by both houses of Congress they are adopted as a joint resolution.

This first budget resolution of the year is intended to act as a guide to Congress's legislative and spending decisions during the summer months. It does not bind either House, but it is intended to influence them strongly. During the past 12 months it certainly did so, partly, perhaps, because of the general political climate, but partly because of close liaison between the budget committee chairmen, Senator Edmund Muskie and Congressman Brock Adams, and the leadership in each House.

Washington. In the first place it has set up a powerful new counter-bureaucracy. Each Budget Committee has a high-powered staff of 65 or so people to service it, and there is a new Congressional Budget Office with 200 staff providing overall economic assessments and project studies jointly to both Houses. The total cost of this operation is probably not more than \$10m. at the outside and there is a certain amount of rivalry between its branches to prevent excessive concentration of power. Nevertheless from the point of view of the Executive—and also of the Congress—an important new set of expert opinions now has to be taken into account.

Limited term

Then there are the repercussions on the Washington power structure. In the House of Representatives there has been a further erosion of the power of the old Congressional barons, the Chairman of the Ways and Means, and Appropriations Committees, and an increase in the power of the party caucus which elects the Chairman and members of the Budget Committee for a limited term. It remains to be seen what a new, strong Democratic leadership in the House will make of this when Congressman "Tip" O'Neill succeeds the weak Carl Albert as Speaker in January, but we can be sure that the next President will find his economic freedom much restricted in comparison with recent years.

But what are we to make of these developments in terms of our own British experience? Clearly we cannot simply transport the new apparatus to London halobolus. The Government is not about to spend a lot of money creating legislative difficulties for itself; and even if it could be persuaded to do so, it still controls the votes of the legislature. On the other hand if the House of Commons and its Expenditure Committee are permitted, and indeed enjoined, to exercise a monitoring role in relation to the economy, why on earth should they be prevented from tackling the job in something like the logical and business-like fashion which the Americans have now adopted?

Of course there are special difficulties about the control of British public expenditure which arise from the way in which we deal with the nationalised industries and the local authorities; but that is no conclusive argument against taking some important leaves out of the American book. It cannot be right, for instance, to have three different systems of accounting—the constant price system underlying the public expenditure white paper, the Estimates price basis for Parliamentary control and now the Cash limits basis. It cannot be right that expenditure decisions and priorities are never related in Parliamentary discussion to taxation. Treasury Ministers and officials may argue that the will to undertake the laborious task of bringing all the threads of the economic decision-making process together has been lacking on the backbenches of the House of Commons, but under our system it is the Government which must provide a rational and comprehensive framework of debate.

Letters to the Editor

ie green und

Mr. W. Legg.
The dilemma created by the "green pound" is a serious one. It is a dilemma which is not only a problem for the government but also for the public. The green pound is a problem for the government because it is a problem for the public. The green pound is a problem for the government because it is a problem for the public.

that all attempts to monitor state schools will be in danger of running into a dead end. As Professor Standish put it (December 12, 1975) British enterprise will not flourish until the capital market gains confidence that opportunities for profitable investment exist and unless business succeeds in taking advantage of those opportunities. This in turn requires a blend of factors, such as managerial skill, labour co-operation, genuinely supportive governmental policy and so on. Inflation accounting is a necessary part of the bottom of an impressive list of factors crucial to British business' profitability and competitiveness at home and abroad.

Accounting for inflation

From Mr. M. Egri.
Sir, in discussing the implementation of current cost accounting, Michael Lafferty (October 13) suggests that for the sake of speedy implementation, the accounting profession might be wise to introduce a partially incomplete system pending resolution of the outstanding problems. I would argue that this is precisely what should not happen.

One benefit of devising an inflation accounting system is hopefully to produce accounts which are internally consistent. In other words we should not measure certain items in the accounts on one base and other items by another, but rather construct our accounts on one theory of value and income measurement.

Sandilands attempted to select such a base which best satisfied all users of accounting information. If we implement a partial system for the sake of speed we face the risk of introducing inconsistencies in the later phases, or even worse, of having to undo some of the initial standards. If the present disagreements over say monetary items were purely of practical procedure, we could afford to implement a partial system until these difficulties were solved. The disagreements are more fundamental, however, and must be resolved to the tolerable satisfaction of all before any inflation accounting is implemented.

For example if it were eventually agreed that monetary items should be indexed in some way, there may then be new arguments over the treatment of non-monetary items. Questions of measurement base would be raised again, accusations of double counting be made, and anguish expressed from quite different sectors that their performance was being misrepresented. Users of accounts would be more confused than ever.

No — we must agree on the fundamental issues before any inflation accounting standards are implemented. In particular it is vital that a measurement base of consistency is used. We may never agree which is the "right" base, but we must ensure that a consistent base is adopted.

Michael J. Earl.
Oxford Centre for Management Studies, Kennington, Oxford.
'Current value' preferred
From Dr. C. Turchi.
Sir, — All the arguments about the different forms of inflation accounting and more recently, the loud exasperation at the "continuing non-accounting for inflation" (please see Professor Myddelton's letter of October 14) leave the great majority of

managers quite unmoved if not unamused.

As Professor Standish put it (December 12, 1975) British enterprise will not flourish until the capital market gains confidence that opportunities for profitable investment exist and unless business succeeds in taking advantage of those opportunities. This in turn requires a blend of factors, such as managerial skill, labour co-operation, genuinely supportive governmental policy and so on. Inflation accounting is a necessary part of the bottom of an impressive list of factors crucial to British business' profitability and competitiveness at home and abroad.

On the other hand, and long before the Accounting Standards Steering Committee had begun its analysis of inflation accounting procedures, companies had learnt to live with "hyper" and "run-away" inflation and its consequences, when governments were unable to halt it.

For many decades before we started even noticing inflation in this country, companies operating abroad had been struggling with the problem of protecting corporate profits against steep rates of inflation and very often, their battles had been won brilliantly.

A review of a number of strategies that have proven to be useful under these conditions, indicates that "current value" statements, showing significant up-to-date value changes as supplemental data in historical cost or price-adjusted statements, are preferred to "general price-level adjusted statements" or those presenting historical costs in terms of current purchasing power (CIP).

Current values may be significantly different from price-level adjusted financial statements; many managers believe that this type of information is essential in evaluating companies for investment purposes and in assessing management abilities. The objectives of financial statements would be furthered if information as to the "current" values of resources and obligations were to be disclosed.

The U.S. Institute of Certified Public Accountants (the main American professional body) has long decided to strongly recommend disclosure of this information. The American accountants' decision, incidentally, has been taken without any Governmental interference whatever.

Costanzo M. Turchi
Lecturer in Management Studies at Thames Polytechnic, 53 Play Avenue, Herne Bay, Kent.

Solar energy costs

From Mr. R. Tomkins.
Sir, — May I re-enter the ring and see whether Mr. Silver's or Mr. Snapple's bells (October 8 and 13) ring more loudly. To do so I will give some simple figures in support of my original conclusions.

The amount of solar energy incident in the southern half of this country averages not more than 1,100 KWh per square metre of collector per year. For a typical system of 4 square metres the amount of energy is therefore 4,400 KWh. In practical situations, solar energy collectors are at the most 45 per cent efficient in converting solar energy into useful heat, so that the energy saved will be about 2,000 KWh. At the current cost of electricity (the most expensive way of heating water) the

value of energy saved will be £42. After allowing for the cost of running the electric pump, the net saving will be about £38, or a little less than half the saving claimed by Mr. Silver for his system.

Like the performing dog who spoke English badly, the amazing thing about solar energy is that it should work at all, not that it should work well. The savings claimed by Mr. Silver may be possible in a hotter climate such as the middle of the Sahara desert. If he were to set his solar energy system up there I certainly would not try to stop him.

Raymond Tomkins.
(Lecturer), Department of Management Science, Imperial College of Science and Technology, Exhibition Road, S.W.7.

Felixstowe docks

From The Chairman, European Ferries.
Sir, — While appreciating British Transport Docks Board's anxiety to further its plan for the nationalisation of Felixstowe Dock — I feel that it is not appropriate for its chairman, Sir Humphrey Browne, to write public letters (October 21) without first checking his facts.

Sir Humphrey excuses BTDB's pressure last year on Felixstowe to put up its charges by claiming that the then chairman of Felixstowe was desperately worried about the financial position. I find it difficult to reconcile that statement with the fact that the then chairman publicly announced profits to December showing a useful increase on the previous year.

It is claimed that the House of Lords Select Committee has fully considered the whole matter. The fact is that our Parliamentary Agents called on Sir Humphrey Browne's advisers to produce the letter about which Michael Heseltine complained. On both occasions the request was refused.

Sir Humphrey's claim that BTDB's "advice" to Felixstowe was accepted is totally incorrect. Our predecessors at Felixstowe took a conscious and documented decision to reject BTDB's pressure. They did so on the recommendation of their operational manager who felt that an arbitrary increase in prices would be bad for the port.

Lastly, Sir Humphrey comments that it is necessary to see correspondence in its context. That at least is true, but it is a pity that his advisers prevented the Select Committee from doing so.

R. D. Wickenden.
4th Floor, Trafalgar House, 11, Waterloo Place, S.W.1.

Public sector pensions

From Messrs. G. Palmer, J. Robb and G. Hyatt.
Sir, — We refer to the letter from Mr. A. Furze (October 20) regarding the cost and inequity of index linked public sector pensions.

Many people overlook the cumulative effect of the annual increases. Using Mr. Furze's figures, public sector pensions will increase by over 63 per cent in three years. We believe this to be a gross injustice both to other pensioners and the general working population.

Mr. Furze quite rightly makes a comparison with the provisions that the self-employed can make for their retirement. But this is

not the complete story. Many people are employed by smaller firms such as those which have no pension scheme for their staff. The rules governing their pension provisions are the same as those for the self-employed (except for statutory N.I. contributions). Further, meddling by successive Governments has deterred small firms from introducing staff pension schemes of any sort, let alone those requiring contributions totalling 24 per cent of salary. Meanwhile, the rest of us go on paying for the increases in the pensions of the privileged few. It is high time the injustice was corrected.

G. A. Palmer, J. W. Robb, and G. M. Hyatt.
H. J. G. Samuel and Partners, 27, London Road, Bromley, Kent.

Competition or solutions

From Professor J. Lockwood Taylor.
Sir, — One should of course let bygones be bygones, but after fighting Germany in two world wars, it seems we are now reduced to depending on her charity to exist at the same time as we implore the Japanese not to compete too hard.

One can argue that these nations are over-disciplined (and probably inbred and still potentially explosive into the bargain) but if they are over-disciplined, Britain certainly seems to be under-disciplined. Is there no happy mean?

I do not really know the answer but to make a practical suggestion, could not these horse concourse countries take a lead in tackling the world's serious environmental problems? If their competitiveness should materially suffer, would this be so serious?

L. Taylor.
Pratt Castles V.10, 7000 Tordheim, Norway.

Tax concession for exports

From Mr. G. White.
Sir, — In the present plight of this country a significant contribution to eliminating our problems would be made if there was a dramatic increase in exports. I don't think anybody would disagree with this statement. Manufacturers with experience of export markets, however, must often ask themselves what incentive there is to become more deeply involved, or involved at all for that matter.

The costs of representation, of visiting foreign customers, of having sales literature prepared in foreign languages, or transporting goods to foreign companies, etc. are all considerably higher than the corresponding costs in the home market. But the Government in its wisdom does not give any financial assistance or recompense whatsoever; in fact, if anything, the disincentives are considerable.

I would suggest, therefore, that if progress is to be made in this field a corporation tax concession should be given on profits made in export markets. The basis on which this was done would have to be simple, otherwise I have no doubt the costs associated with the increase in the number of civil servants to administer such a scheme would far outweigh the benefits, but nevertheless it should not be beyond the wit of a top civil servant in the Treasury to devise such incentives.

G. White.
2 Orchard Street, Crawley, Sussex.

To-day's Events

Field Cymru conference continues, Aberystwyth.
Lord Mayor of London attends 300th anniversary service of Church of St Magnus the Martyr, Lower Thames Street, EC3, 12 noon.
People who acquire dangerous wild animals at pet must have licence from to-day. Existing owners will need one from January 20.
PARLIAMENTARY BUSINESS
House of Commons: Debate on agriculture.
House of Lords: British Transport Docks (Felixstowe) Bill.

third reading. Sexual Offences (Amendment) Bill, second reading.
OFFICIAL STATISTICS
New vehicle registrations (September). Set acquisition of financial assets, analysis by sector: appropriation account of industrial and commercial companies and financial accounts of industrial and commercial companies and personal sectors (second quarter).
COMPANY RESULTS
Coates Brothers (half year). Ever Ready Company (Holdings) (half year). Poulton's (full year). Staffs International (half year).
COMPANY MEETINGS
Deborah Services, Wakefield, 12.

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The Financial Times Friday October 22 1976

SPITE AN increase in sales of £70.7m. to £99.24m., pre-tax profits of builders' merchants, etc., fell to £2.5m. from £1.71m. in 1976 for the six months to June 30, 1978.

large extent on general economic conditions and the level of activity in the building industry. For all 1975-76 was £2.93m. The interim dividend is held at 10p per 25p share. Last year's total was 42p.

COMPARED with a forecast of about £0.48m, pre-tax profit of Barnedene Investments was £0.48m. for the year to May 29 1976, against the previous year's figure of £0.59m. At halfway

	1975-76	1974-75
Turnover	£2,562,362	£2,048,362
Pre-tax profit	£61,365	267,377

London and Montrose Investment Trust is raising its dividend from 4p to 4.5p-net per 25p share for the year to Sept. 30, 1976 with a final of 3.5p. Earnings increased

First-half leap by Str

making a first time contribution of \$50,000 from activities in the Arabias, pre-tax profits of \$100,000 from the operations of its works contractors. Streetcar shares. Last year's total was 3,575p.

profits, and profits, while not following the historical second pattern, will be at a record 1. Last year profits came to \$2.2m, the highest ever was \$45 for 1973. The company is giving a fair proportion of new

because of this, profits for the current year may not reach last year's figure, they add.

CMG turns

A sharp rise in pre-tax profit from £30,941 to £183,318, on turnover up by 31 per cent. to £3m, is announced by CMG

over	5,778	3,569	cost	of	michigan	margin	on
per profit	400						
	182	47					
total	556						
share	89,000 share						
of profits		in					
of \$128,000							
at 10 per cent							

CREDITORS of Ford and Carter, "locking" guarantee—in which the Norwich builders now in each company in the group agree liquidation, stand to get a sub- to cover the others' debts—was

Six months	
1976	1975
3,588,000	1,715,000

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Al	1/11	17/11	3	41g (Bennett, Alexander)	57	2
Nu	39/10	10/12	13	41g (Bowden, Alexander)	9	1
E.P.	22/10	12/11	67	55 (Learne)	57	2

termination date usually last day for dealing free of stamp duty. a Placine

1000 shares of Ordinary shares as a "rights." * 200 S Afr. cents. † Rights
 of capitalisation. ‡ Tender allotment price. ◆ Reintroduced. ‡ Issued in
 connection with reorganisation, merger or take-over. * Introduction. ◆ Issued to

7. *Conclusions*

AN IMPROVEMENT in pre-tax profit from £389,010 to £594,597 was announced by Greenbank Industrial Holdings for the first half of 1978. The company, which is no longer close, operated

	Firm had
	1976 1975
	\$ \$
Sales	2,853,685 2,515
Depreciation	71 292 34
Pre-tax profit	538,066 362
Income tax	168 168 207

Gross income of Industrial and General Trust increased from £68m. to £3.92m. in the half year to September 30, 1978. The figure for the year to March 31, 1978 was £7.17m.

Net asset value per Ordinary share 50p (50.9p).

Trading of Coral Leisure Grow
mains buoyant and profits show
considerable improvement of
ease for the corresponding
period of 1975, the directors state
As known first half 1976 pre-ca

r creditors

king" guarantee—in which each company in the group agrees to cover the others' debts—was

Midland Bank after they had agreed on Ford and Carter to pay the debts of the group was also valid.

"The bank had known where other companies joined the group necessary to carry out the intention of the parties which they saw perfectly well how to carry out two years previously."

group there was no need to anything more than obtain signatures on Ford and Carter's half.

UNION BROS. (Incorporated)—Two-
yearly VAT, \$4,731,636 (\$4,384,285)
15 months to July 31, 1978. Pre-tax
\$44,051 (\$31,698). Tax \$23,907
(\$17,111). Reasonably satisfactory year's
forecast depending on a good
sales season which so far has started

WITKAWAY, LAIDLAW AND CO.—
 1978 year to March 31, 1979, ahead
 ment. Fixed assets \$8,863 (\$5,308).
 net assets \$129,56m. (\$91,51m.).
 oug. liabilities \$112,99m. (\$83,53m.).
 ate holding company is The Great
 ernal Stores.

...and major acquisition in pools of Copes, Poles put Zettlers in a good position to face future with considerable optimism. Directors believe of benefits will be reflected in results for the current year and that full this will become apparent in 1977-78.

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned interim or final and the sub-divisions shown below are based mainly on reports received.

Associated Leisure	Oct
Amalgamated Power Engineering	Oct
General Scottish Trust	Oct
Gloves	Oct
Renderam (P. C.)	Oct
Flicking Pentacost	Nov
Macdonald Martin	Oct
Disinfectants	Oct
Newman Industries	Oct

TAXABLE profit of G.H.P. Gwynne—engineering, valves and contracts—increased from £301,000 to £386,000 in the six months to June 30, 1976 and the directors say that profit in the second half

year's pre-tax total was £693,000, on which dividends of 7.31p were paid.

Turnover advanced in the months from £8,876,000 to £9,414,000. Net profit increased from £145,000 to £257,000.

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Fairview Estates £1.12m. for six months

TURNOVER FOR the six months to June 30, 1976 of Fairview Estates totalled £1.12m., and pre-tax profit was £122,000. For the year 1975 turnover was £20.19m. and pre-tax profit £2,014,000 after an exceptional amount of £2,093,000 written off the book value of developments.

The dividend for the six months' period is 5.525p net, compared with a total of 5.0585p for the previous year. On prospects the chairman, Mr. D. J. Cope, says the company is in an improved financial position to face the current national difficulties and well placed to take advantage of any improvement in the future.

Earnings per 10p share representing profit after tax on residential development, property trading and net rental income were 6.2p (6.4) and on realised surplus on industrial investment property disposal 0.3p (2.5p). Trading performance for the six months was as anticipated earlier this year, says Mr. Cope. The contracted rent roll increased by £200,000 to £1,001,000 on an annual basis. Enquiries for industrial space during the first half were at an improved level.

It is impossible as yet to see what effect, if any, recent economic developments will have upon this situation. Rent reviews due from mid-1977 on the retained investments will result in further substantial increases in the rent roll and capital value. Strong demand in the investment market for prime properties has further enhanced the capital value of the company's portfolio, he adds.

House sales for the period were achieved as anticipated and the current level of enquiries from new purchasers is satisfactory.

comment
An industrial rent roll up another £200,000 to £1m., with the prospects of rent reviews from mid-1977, are reassuring points for Fairview's shareholders. But against this, housing sales are down to 650 in the six months to June, compared with 800 for the corresponding period last year. This reflects the virtual stoppage in local authority projects. Prices per unit have remained nearly unchanged since December, but costs are creeping up. At last December's balance-sheet date net current liabilities were slightly more than the value of the landbank and developments less secured borrowings. Short-term interest rates then were 5.4m. before partial capitalisation, and these are vulnerable to any sustained rise in M.L.R. though this has not affected the current results. At 40p the share price gives a p/e of 8.8 with the dividend yielding just over 10 per cent. London and Manchester has built up its shareholding in the company to 12.3 per cent.

ROCHDALE AND MANOR BREWERY
The Rochdale and Manor Brewery, a wholly-owned subsidiary of Sam'l Smith Old Brewery (Tadcaster), has decided to put before the holders of the £120,000 of 4½ per cent. First Mortgage Debenture Stock proposals to redeem the stock, at £12 per £100 nominal of the stock, and accrued interest.

S. Simpson lower by £0.19m.
TAILORS and clothiers, S. Simpson announce turnover up from £12.7m. to £13.1m. in the year to July 31, 1976, and profit down from £0.65m. to £0.46m. subject to £0.26m. (£0.38m.) tax. In the first six months profit declined from £0.39m. to £0.21m. Year-end earnings per 25p share dropped from 4.44p to 3.03p—dividend total is maintained at 2.8015p net, with a final of 1.4885p.

Downturn at Stanley Miller
PROFITS before tax of building contractors and civil engineers Stanley Miller Holdings were down from £109,681 to £94,115 in the first half of 1976. The directors say the second six months are not likely to show any improvement and prospects for 1977 are not bright.

Survival is the group's main concern, the directors add, and they are confident of achieving this objective.

The net interim dividend is effectively maintained at 0.5135p. Last year's total was equal to 1.19235p from pre-tax profits of £322,333.

The chairman, Mr. E. Bell, and Dr. N. R. Bell have waived the interim dividend amounting to £18,588.

Recovery at Spencer Gears
Manufacturing engineers Spencer Gears (Holdings) reports turnover up by 30 per cent from £2.02m. to £2.61m. for the year to June 30, 1976 and a 58 per cent advance in pre-tax profits from £111,814 to £176,087.

At halfway, announcing a fall from £34,975 to £30,437 in profits, the directors said that orders were increasing appreciably and results for the year would be considerably higher than in 1974-75.

The chairman, Mr. F. W. Forbes, new points out that 83 per cent of the profit came in the second six months.

The improvement was due almost entirely to a large increase in orders for the group's companies supplying the brewery industry, he tells members and current indications are that this increase in business for beer raising and dispensing equipment and for beer coolers will continue for some time.

Full year earnings are shown to be up from 1.14p to 1.58p per 5p share and the dividend total is raised from 0.885p to the maximum permitted 0.974p net with a final of 0.694p.

Turnover was 2,610,521, 2,020,521, 1976-75, 1975-74, 1974-73, 1973-72, 1972-71, 1971-70, 1970-69, 1969-68, 1968-67, 1967-66, 1966-65, 1965-64, 1964-63, 1963-62, 1962-61, 1961-60, 1960-59, 1959-58, 1958-57, 1957-56, 1956-55, 1955-54, 1954-53, 1953-52, 1952-51, 1951-50, 1950-49, 1949-48, 1948-47, 1947-46, 1946-45, 1945-44, 1944-43, 1943-42, 1942-41, 1941-40, 1940-39, 1939-38, 1938-37, 1937-36, 1936-35, 1935-34, 1934-33, 1933-32, 1932-31, 1931-30, 1930-29, 1929-28, 1928-27, 1927-26, 1926-25, 1925-24, 1924-23, 1923-22, 1922-21, 1921-20, 1920-19, 1919-18, 1918-17, 1917-16, 1916-15, 1915-14, 1914-13, 1913-12, 1912-11, 1911-10, 1910-9, 1909-8, 1908-7, 1907-6, 1906-5, 1905-4, 1904-3, 1903-2, 1902-1, 1901-0, 1900-99, 1899-98, 1898-97, 1897-96, 1896-95, 1895-94, 1894-93, 1893-92, 1892-91, 1891-90, 1890-89, 1889-88, 1888-87, 1887-86, 1886-85, 1885-84, 1884-83, 1883-82, 1882-81, 1881-80, 1880-79, 1879-78, 1878-77, 1877-76, 1876-75, 1875-74, 1874-73, 1873-72, 1872-71, 1871-70, 1870-69, 1869-68, 1868-67, 1867-66, 1866-65, 1865-64, 1864-63, 1863-62, 1862-61, 1861-60, 1860-59, 1859-58, 1858-57, 1857-56, 1856-55, 1855-54, 1854-53, 1853-52, 1852-51, 1851-50, 1850-49, 1849-48, 1848-47, 1847-46, 1846-45, 1845-44, 1844-43, 1843-42, 1842-41, 1841-40, 1840-39, 1839-38, 1838-37, 1837-36, 1836-35, 1835-34, 1834-33, 1833-32, 1832-31, 1831-30, 1830-29, 1829-28, 1828-27, 1827-26, 1826-25, 1825-24, 1824-23, 1823-22, 1822-21, 1821-20, 1820-19, 1819-18, 1818-17, 1817-16, 1816-15, 1815-14, 1814-13, 1813-12, 1812-11, 1811-10, 1810-9, 1809-8, 1808-7, 1807-6, 1806-5, 1805-4, 1804-3, 1803-2, 1802-1, 1801-0, 1800-99, 1799-98, 1798-97, 1797-96, 1796-95, 1795-94, 1794-93, 1793-92, 1792-91, 1791-90, 1790-89, 1789-88, 1788-87, 1787-86, 1786-85, 1785-84, 1784-83, 1783-82, 1782-81, 1781-80, 1780-79, 1779-78, 1778-77, 1777-76, 1776-75, 1775-74, 1774-73, 1773-72, 1772-71, 1771-70, 1770-69, 1769-68, 1768-67, 1767-66, 1766-65, 1765-64, 1764-63, 1763-62, 1762-61, 1761-60, 1760-59, 1759-58, 1758-57, 1757-56, 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842-41, 841-40, 840-39, 839-38, 838-37, 837-36, 836-35, 835-34, 834-33, 833-32, 832-31, 831-30, 830-29, 829-28, 828-27, 827-26, 826-25, 825-24, 824-23, 823-22, 822-21, 821-20, 820-19, 819-18, 818-17, 817-16, 816-15, 815-14, 814-13, 813-12, 812-11, 811-10, 810-9, 809-8, 808-7, 807-6, 806-5, 805-4, 804-3, 803-2, 802-1,

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WALL STREET + OVERSEAS MARKETS FOREIGN EXCHANGES

Early gains reversed: off 4 at 1 p.m. Pound steady

BY OUR WALL STREET CORRESPONDENT

FURTHER MODERATE gains were reversed on Wall Street to-day, when there was nothing special to move the market in either direction.

After rising another 2.16 to 97.05, the Dow Jones Industrial

Closing prices and market reports were not available for this edition.

Average reacted to 950.71 by 1 p.m. for a net loss of 4.16. The NYSE All Company Index dipped 13 cents to 54.20, after gaining 6 cents to 54.39, while the trading volume expanded 2.35m. shares to 10.56m. compared with 1 p.m. yesterday.

In the news background, the Labour Department reported that

WEDNESDAYS ACTIVE STOCKS

the U.S. Consumer Price Index in September rose 0.4 per cent, following a rise of 0.5 per cent. in August. The increase, the smallest

since the 0.4 per cent. gain last April, was about in line with expectations.

Amstar fell \$4 to \$40.4 after reporting lower earnings.

Franklin Mint dropped \$2 to \$25.3, National Semiconductor \$2 to \$29.9, IBM \$2 to \$261.1 and Texas Instruments \$3 to \$100.1.

But Inco gained \$1 to \$32.5 on improved earnings.

Aven Products also picked up \$1 to \$45 on higher third quarter profits and its forecast a good fourth quarter.

Data General rose \$1 to \$41, following increased earnings.

United Technologies and Signal Companies were each firm on improved profits.

The American SE Market Value Index shed 0.1 to 85.54, after rising 0.12 to 85.67, while the trading volume expanded 260,000 shares to 1.55m. compared with 1 p.m. yesterday.

German issues rose, while Americans and Golds were mixed. International Oil was steady but

Copiers fell.

BRUSSELS—Modest gains predominated in moderate trading.

Metals were steady to higher. Steels finished mixed, as did Chemicals and Holdings. Oil

firmly advanced.

Dutch stocks gained. French shares weakened, while Germans were little changed. South African Gold Mines were steady to firm.

GERMANY—Mixed after a Dollar stocks and Dutch Inter-

national start following a lack of follow-up support.

Bankers Chemicals and Electrics were little changed, while Motors and Stores eased.

Steels lost up to DM1.50.

Krupp Huettenwerke were up DM1.20, following news that Iran is buying a 25 per cent. stake in the Fried Krupp GMBH Holding Company.

Deutsche Luftfahrt AG rose DM1.30, on passenger in the first nine months of the year.

Interest in Domestic Public Bonds continued strong and the Bundesbank sold DM45m. of Bonn Foreign Mark Loans as also firmer.

OSLO—Industries were barely steady, insurance mixed, Banks firm, while Shipings were quiet.

COPENHAGEN—Mixed in quiet dealings.

VIENNA—Quietly steady.

AMSTERDAM—Most stocks higher in very lively trading.

Bankers and Insurance rose, as did most Industrials and Trading stocks, but Transports were lower.

State Loans firmed after opening mixed.

SWITZERLAND—Mixed in interest dealings on Geneva which jumped Frs.85 to 265, due to continued short-covering.

Leading Banks were steady, as were Insurance, while Industrials were irregular.

Foreign stock generally quiet.

Dollar stocks and Dutch Inter-

national start following a lack of follow-up support.

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State Loans firmed after opening mixed.

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FINANCIAL TIMES SURVEY

Friday October 22 1976

Vending

Rapid growth of the vending industry in the 1960s was followed by a fall in demand, leading to a major reorganisation. To-day the industry is securely based and is well placed to use the technically sophisticated machinery that is being developed.

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rid Walker

early 1960s, a fully shop opened in south Fulham High Street, glass-fronted vending offering a range of and household goods of prices 24 hours seemed to be ushering in a new era for vending. The industry were wild about what the hold. "As exciting ahead as the super self-service retail had five years ago." Mr. James Gulliver, of the Fine Fare chain's vending officer, characterised the industry. He was far from the well-established corner. Hawker Siddeley had its vending sub the British Motor m. (through Fisher and one. And new seemed to be springing time, each outdoing the extravagance of the market being aimed at

was a very specific one. Traditional retail vending—the selling of bars of chocolate and cigarettes through machines at railway stations and so on—was well-nigh static, ably looked after by a handful of long-established companies. But in the U.S. what was referred to as a vending revolution was going on in factories and offices throughout the country. Everywhere, machines to dispense hot or cold drinks to thirsty workers were being installed. And it was this that it was hoped to emulate in Britain.

The machine's constant availability, its labour-saving potential in terms of replacing teams of tea ladies, and its flexibility in being able to offer a variety of drinks would, it was argued, lead to vendings sweeping the workplace here as well. And for a time, those predictions seemed to be coming true. At its peak, at the end of the 1960s, the number of new machines being installed exceeded 25,000 a year.

But it was to prove a short-lived peak. Demand slumped as dramatically as it had risen and companies left the business almost as rapidly as they had mushroomed, either disappearing totally or being taken over by U.S. concerns already well established in the vending field on the other side of the Atlantic. What went wrong? First, there is no doubt that there were a fair number of what the industry to-day calls "cowboys" on the scene, pushing not necessarily very good products with the aim of making a lot of

money very fast without worrying too much about what they left behind them.

And second, there was a general product problem, compounded by the difference between American habits and those here. For the American factory or office worker is as likely to want a cold drink as a hot one when he has a break. But the Briton is traditionally a tea (and, to a lesser extent, a coffee) drinker at breaktime. And hot drinks are far less likely to emerge satisfactorily from a machine than cold ones.

Health

This is particularly true if the machines used are not maintained and cleaned properly—to say nothing of the health risk that arises. And in Britain many machines were badly looked after and fed with second-rate ingredients. Ironically, that was the result of Britain's long tradition of industrial catering, a tradition that had been significantly bolstered by the war-time requirement that workers should be able to obtain a drink and a meal without having to leave the premises in which they were employed.

For the existence of in-plant catering already meant that vending machines were simply an alternative and theoretically better way of doing something that had long been done. So the same people tended to go on doing it, regardless of their knowledge of the requirements for keeping a machine working properly and turning out a palatable product.



A GKN-Sankey Micro-Vend buffet which provides a 24-hour service at Moorhaven Hospital, Bittorf, Devon.

In the U.S., by contrast, the overall concept was a new one. As a result, specialist companies—vending operators—were set up to deal with it. Instead of the vending machines being looked after by, in this connection, amateurs, employed basically on other jobs in the factory or office, they became the responsibility of professionals from outside who really knew what they were doing. Product satisfaction remained high. And so did sales.

This side, of the Atlantic, items. In vain did the industry professional operators were point to the cost savings of replacing people by machines. And by the end of the 1960s, only about 20 per cent. of U.K. installations bonus from keeping employees were in the hands of the happy to make it possible for them quickly to have a drink at any time instead of at necessarily restricted set breaks. Compounding the vending industry's problems was the folded, and the fast-talking, hard-selling "brushiness" which had characterised the industry since its investment decision and cutting back on fringe silence.

To-day, however, the industry is arguably more securely based than it ever was in its high-flying days. Sales are steady at around 6,000 to 7,000 new installations a year. And the number of drinks bought through machines—2.9bn. last year, 2.7bn. of them hot and 1.7bn. of them cold—is well up on the 2.5bn. total of five years ago even if there has been a fall from the 3.2bn. peak reached in 1973 (a decline linked in part to the cutback in overtime and rise in unemployment which has meant that, overall, people are spending less time actually at work and, therefore, in the position of being potential customers).

Penetration

The companies involved, too, headed by the GKN engineering group's GKN Sankey division, which makes U.S.-designed machines under licence and imports others from America—are far more solid than many of those in the industry's high-flying days.

And, perhaps surprisingly, the penetration of hot drink machines in British workplaces is reckoned to be much the same as in the U.S., even though, when cold drink machines too are taken into account, Britain's figure of one installation for every 150 employees is still way down on the U.S. figure of one for every 20. (And the hot drink machine in the U.S. will generally sell fresh-brewed coffee—a rarity here, though quality of the vending set-

machines to make it do exist—rather than the instant variety.)

As far as the percentage of machines looked after by professional operators is concerned, Britain again remains well below the U.S. But the proportion is creeping upwards, so that to-day the figure is about 35 per cent. And the machine manufacturers have been putting a great deal more emphasis on ensuring that their products are properly maintained than they did a few years ago, supplying cleaning kits, changing designs to make cleaning easier, and stressing the need for the machines to be properly looked after if the drinks provided are to remain palatable. There have, too, been links between producers and specialist operators to make the provision of a complete service easier.

The U.S.-owned National Vending distributes its machines solely through operators, while GKN Sankey has just unveiled its approved operator scheme, under which GKN is giving special support to 23 operators around the country (the operating side of the industry generally tends to be in the hands of small, localised companies, and there is no national specialist operator other than the big industrial caterers who are involved with vending as part of a far fuller factory-catering business).

The main aim of the scheme is for the manufacturer and operator to work in partnership to guarantee the reliability and quality of the vending set-

CONTINUED ON NEXT PAGE

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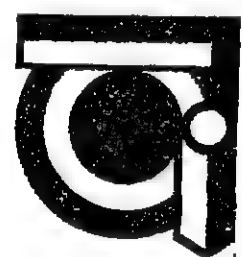
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VENDING II

Better products, wider choice

THE TWO outstanding developments in vending machines in the past few years have been the introduction of sophisticated electronics and the improvement in the range and flavour of food and drinks sold from them.

They are both related, for micro-circuits, similar to the "chips" used in calculators and electronic watches, are increasingly being used to control, not merely the metering of coins, but the dispensing of beverages as well.

Perhaps the improvement of coin mechanisms is the most important, for it not only removes a great deal of the traditional frustration which customers feel when the machine becomes jammed but considerably reduces operating and maintenance costs: the operator obviously stands to do significantly more business if his machine spends less time jammed up.

The importance of improved metering devices can be gauged from the fact that Wittenborg, the Danish vending company which now takes second place in the U.K. market to GKN Sankey, estimates that its electronic metering devices are subject to a failure rate of only 3 per cent. This compares with a failure rate of 30 to 40 per cent. on mechanical systems.

The propensity of old-fashioned machines to reject, or simply to swallow up coins without delivering the goods, is one reason why many people

still prefer to patronise the tea-lady or make a personal trip to the canteen. Quite apart from the advantages of human contact (which may be questionable in some cases), the customer is freed from the nagging worry of saving the right coins or of discovering, in spite of his efforts, that the machine will not accept them.

Balanced

Mechanical selection systems must, by their nature, be balanced very finely to distinguish genuine coins from those of a different weight, but the same size or of the same size but different weight. Electronic tests can do this job more accurately and without the need for moving parts. The coin is scanned by a magic eye for size, and its composition can be accurately measured by passing a magnetic field through it.

The coins can then be counted electronically, and a comparatively simple calculator-style chip can compute the change required by the customer. Electrical systems of this sort can be wired to a remote readout, for example in a hotel reception area.

Similarly, electronic systems can be used to control the dispensing side of the equipment, by measuring accurate quantities of powder, controlling temperatures and other functions.

The other development in the

vending of beverages, which accounts for 66 per cent. of the market and is still the most profitable part of the business, is in the provision of so-called "fresh-brew" or real coffee and tea.

Fresh brewed tea or coffee made directly from tea leaves or finely ground beans have already become popular in the U.S. and are beginning to make headway in Britain.

However, the conservative tastes of the British public now embrace instant coffee, which is so universally drunk at home that many people prefer it when dispensed from a machine. On the other hand the taste for soluble essence of tea is pretty limited, so that the demand for machines which can supply a real cup of the national drink is bound to increase.

To make real tea, the machine has to extract the flavour from tea leaves in about 15 seconds. To do this it requires a special fine-leaved tea and accurate temperature control of the water, plus accurate dosage of tea and a day, so that with increased control of filter time. The required accuracy, without scope for vending machines in which there would be a high risk of supplying distastefully strong or intolerably weak cups, is made possible by electronic control systems.

If vending machines really can produce a product which is an adequate substitute for the traditionally brewed cuppa and it is clearly a matter of

opinion whether that point has been reached—the potential economies for the caterer are enormous: for the vending machine not only replaces sales staff, it also economises on ingredients. The economy stems from the fact that each dosage is accurately measured to provide one cup, without left-overs in the pot or wasted milk and sugar.

To make further economies in operating costs many machines now use plastic cups into which the powder has already been sealed. The advantage of this system is that it obviates the need to fill up canisters with powders, while at the same time the machine can be made much smaller.

At present the sales of beverage machines in the U.K. have reached a plateau of between 6,000 and 7,000 a year, and the lack of new buildings is one of the factors which prevents the market from increasing. On the other hand, it is reckoned the average worker drinks 2.8 cups of tea or coffee a day, so that with increased technical sophistication, the scope for vending machines in the shop window type of vending machines, which are really no more than automatic retailing, the goods are displayed in a window, hung on pegs or stacked in revolving racks. The biggest machines can now sell up to 36 different

varieties of goods, with between 12 and 15 items stacked in each category.

Microwave

This type of shop window vending machine can be refrigerated and tied in with a microwave oven to provide a complete self-service canteen. It is a point which is particularly useful for night workers or in places where normal canteens are difficult to operate. A microwave system does, however, require a certain amount of sophistication among the canteen staff who are doing the preparation.

First the temperature of the refrigerated meal must be set and kept accurately at about 4 degrees Centigrade: if it is too cold the meal will come out tepid. Second the microwave oven heats different foods at different rates, so that initial cooking and display has to be done very carefully. Cabbage, for example, must be slightly undercooked (a hard task for some chefs); potatoes

must be spread thinly on a plate, sauces made thick to prevent boiling, and egg yolks must be protected from overheating the oven. These

illustrate the fact that a sophisticated machine cannot usually be a good machine for the skills of a good cook. It is a point which is particularly useful for night workers or in places where normal canteens are difficult to operate. A microwave system does, however, require a certain amount of sophistication among the canteen staff who are doing the preparation.

Where the skills of the kitchen are not available, the stocking of a shop-window refrigerated meal must be set and kept accurately at about 4 degrees Centigrade: if it is too cold the meal will come out tepid. Second the microwave oven heats different foods at different rates, so that initial cooking and display has to be done very carefully. Cabbage, for example, must be slightly undercooked (a hard task for some chefs); potatoes

Max Will

Potential

CONTINUED FROM PREVIOUS PAGE

vices offered, and so to expand the market. Help in running the operators' businesses is provided by Metal Box, including accounting and sales promotion activities, forms part of the package, under which operators can also obtain financial support on favourable terms.

These sort of schemes are certain at least to consolidate the market and perhaps lead to its expansion. For the saturation point has nowhere near been reached. But the main thing that this side of vending is dependent on is investment by industry and by central and local government. At existing locations, the renovation of old machines rather than their replacement by new ones is receiving considerable emphasis. So it is with new offices, new factories, hospitals, colleges and so on that the major opportunities for further sales lie, and there is little spending on those at the moment.

Nonetheless, new markets are being carved out. A major development in the last couple of years has been the burgeoning interest in small machines or dispensers, often semi-automatic, that can sit on a table or clip to a wall. Whereas the more familiar machines are designed to serve upwards of 100 people, these are intended for the small workshop or office with a dozen or so employees. Something like 5,000 of these scaled down versions of the big machines in which measured ingredients are stored in canisters and dispensed into plastic cups when the appropriate button is pushed; in others the drink ingredient is placed in the cup at the manufacturing stage. The machine takes the coin, drops the ready-prepared cup, heats the water, and then lets that fall into the cup.

Significant here is the fact that it is two of the ingredient companies, Mars (already well established in catering vending through its Four Square operators business) and General Foods, which have pioneered the system. From it has already come a further spin-off: the use of the cups themselves completely separately from vending machines. For they can be ranged along the counter at any refreshment area which has to deal with large numbers of people in a short time (at a soccer match, for example) and hot water poured straight in. Another variant on the same theme is the controversial max-pax system of serving instant tea and coffee, whose recent introduction by British Rail led to industrial action by some buffet car stewards.

Complementary to the vending of drinks, of course, is the vending of food—not just snacks, though that is a highly important aspect of vending, but of hot meals. The fully automatic canteen is no longer a novelty. Machines that dispense prepared and frozen meals, together with a token for use in a microwave oven which forms part of the unit, have been selling steadily for some time. The most significant recent development on this front is the canned food vendors now being sold by GKN Sankey and by National Vendors. A major scope of interest about them is far more than the fact that they represent a three-way machine: Fulham's author link between vending machine manufacturers, packaging producers and food companies. The machines hold specifically made tins of food, fitted with ring pull tops rather like those found on familiar beer cans but which can allow the whole of the top of the tin to be removed easily. The food—beans and sausages, spaghetti Bolognese, etc.—is heated by the machine and kept hot—its life in that condition averages around a week—until bought by the customer, who is really getting anything yet.

also dispensed a plastic cup which is poured the contents of the can. The cans are developed by Metal Box, food prepared by Smedley and Libby's, two of the names in the business. In the U.S. for several years the canned food vendor is a certain at least to consolidate the market and perhaps lead to its expansion. For the saturation point has nowhere near been reached. But the main thing that this side of vending is dependent on is investment by industry and by central and local government. At existing locations, the renovation of old machines rather than their replacement by new ones is receiving considerable emphasis. So it is with new offices, new factories, hospitals, colleges and so on that the major opportunities for further sales lie, and there is little spending on those at the moment.

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Outside these familiar areas there is no limit on what can be sold by machine. Railway tickets, stamps, large gum—these have long been familiar as vending products. Contraceptives, drinks in bedrooms and other areas served for guests, and p are among the products increasingly seen in self-service coin-operated slot machines. X-mas and flowers are among other things which have been used to boost overall sales machines to around £300,000 a year.

With the increasing sophistication of the mechanisms and the general trend to greater flexibility in pricing, the vending machine is becoming a more important part of the total service offered. To this extent any list of prominent operators must take in Gardner Merchant, the Trust Houses Forte subsidiary, and Sutcliffe, part of Olympia (and therefore of Sterling Guarantee Trust) and the Grand Metropolitan offshoots Bateman and Midland Catering.

Kenneth Gooding



A range of machines such as this can provide a useful back up service to an office or factory canteen.

American influence still strong

IT SHOULD come as no surprise to anyone that the American influence is firmly stamped on the U.K. vending industry. Among the manufacturers of machines, for example, GKN Sankey, the market leader, makes most of the machines it distributes but under licence from the Vendo Corporation of Kansas. The British group also buys some machines from Vendo when the volume involved does not make it worthwhile making them in the U.K.

The old Ditchburn Organisation's vending machine business changed hands a couple of times and ended up, after a short stopover within the British Electric Traction conglomerate, with National Vendors of the U.S.

In turn, National Vendors is part of CMC Industries, formerly Universal Match Corporation, and it claims to be one of the largest U.S. manufacturers of vending equipment. More unexpected is the extent of the European involvement in the U.K. market place. Wittenborg Automat is the U.K. distribution arm of the Danish Wittenborg group, which claims to be the largest manufacturer of vending machines in the Common Market.

Cigarette

Wittenborg has an interesting history: because for 30 years from 1932 it was mainly making cigarette vending machines; some 70 per cent. of its output was devoted to this business. However, the management decided to quit the business completely once the smoking and health campaign gathered pace: in particular the Danes wanted no connection with anything which might be related with cancer. The company's business was rebuilt on a range

of drinks vending machines first introduced in 1963.

Its influence in the U.K. market can be judged from the comment of its big rival, GKN Sankey, which said: "Over the past three years Wittenborg has given us a good run for our money—for the first time. We welcome this competition because it is good, stable competition from good, reliable products."

Apart from the Danes, the West German presence is felt via the activities of the privately-owned ABA company which imports most of its machines from West Germany.

The U.K. representation in the vending machine market can come from surprising sources too. Take the Automats business. This is part of LRC International, better known perhaps for its Durex contraceptives and Marigold rubber gloves.

At least TACE has more obvious connections with metal manufacture and can fit its vending machine manufacturing subsidiary, Vending Centre Holdings, with its other engineering interests.

And, although it might not be obvious why Blackwood Hodge, the world's largest distributor of earthmoving equipment, should have a vending machine business—which it has in the Vendors company—at least mechanical engineering links the two.

Among the independent groups is the Autobair concern which makes the Princess Oasis machines. This privately owned company also has a big wholesaling business and manufactures plastic cups for vending machines.

All these companies concentrate on machines which have built-in electronics. But the cigarette and chocolate vending

machines have been around for a lot longer. There has also been a revival of interest in cigarette vending machines in particular in recent years as the cost of cigarettes have soared, no thanks to big duty increases.

Machines have a security factor—they do not steal cigarettes and smoke them as might be the case when human hands are involved. This has boosted their popularity because a retailer might have to sell 20 packs of cigarettes to make up for the cash loss involved in one pack being stolen. Two private companies come to mind as major manufacturers in the U.K. of this type of machine—Dean Vending and Barber Weston.

Contraction

On the electronic vending machine side of the business, the U.K. market has seen some contraction because the hoped-for profits for some companies just did not arise. The Gloster Vending division of Hawker Siddeley, for example, was shut down for this reason and GKN Sankey picked up just a little of what was left by agreeing to service those Gloster machines already out on rental.

GKN Sankey had previously taken over the Fisher Ludlow vending operations which were offloaded at the time of the merger which produced the ill-fated British Leyland. And Ditchburn's vending business was in a loss-making position when it was sold to National Vendors for just under £1m.

These contractions for a time left GKN Sankey in an almost embarrassing position as the market-dominating leader in vending machine manufacture. Now the group has more competition to cope with but is emerging as a vertically integrated business, taking in manu-

facturing operations, selling and even direct selling—that is to individual operators and caterers who own machines just on their own site.

GKN Sankey in 1970 started its own ingredients division: it has its own finance company and offers a consultancy to self-operated sites.

Individual companies need help to get the best out of their vending machines. It is not simply a matter of putting in the best ingredients. The equipment needs attention and adjustment, the company insists. Wittenborg puts it another way and offers "three laws" for vending machine operators: "You need the right type of machine for each site; you need top quality branded ingredients; and, unless your operations are large enough to involve a full-time staff, you need to hand over to a competent outside specialist operator."

Once again American companies tend to figure prominently among the operators. Four Square Catering and Vending is a subsidiary of Mars, the confectionery and pet foods group, while Eurovend is part of ARA (formerly known as Automatic Retailers of America). These two companies are probably the only ones to be able to claim they are truly "national" in the U.K.

Britain's industrial catering combines are also heavily involved in vending operations because vending forms an important part of the total service offered. To this extent any list of prominent operators must take in Gardner Merchant, the Trust Houses Forte subsidiary, and Sutcliffe, part of Olympia (and therefore of Sterling Guarantee Trust) and the Grand Metropolitan offshoots Bateman and Midland Catering.

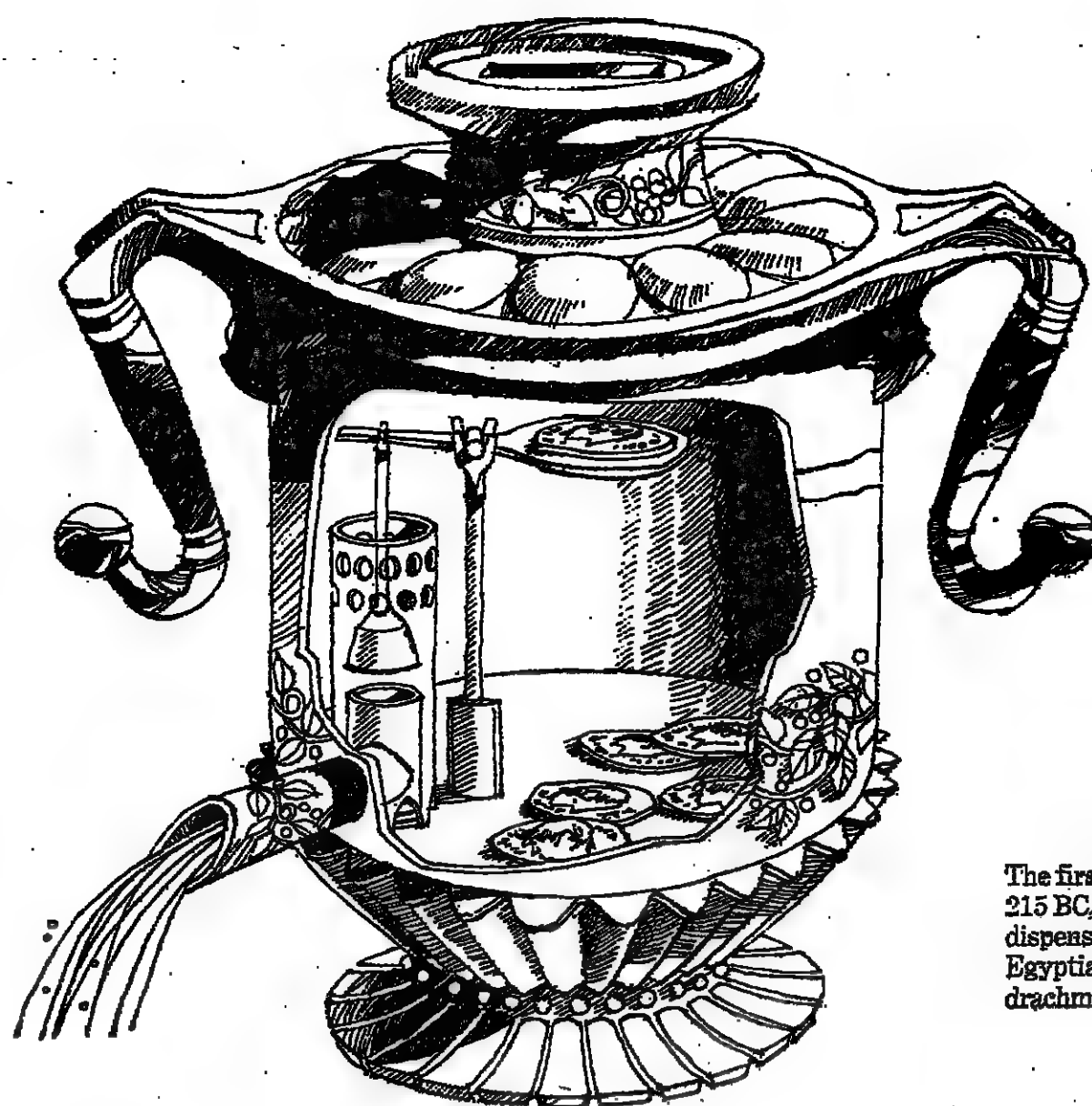
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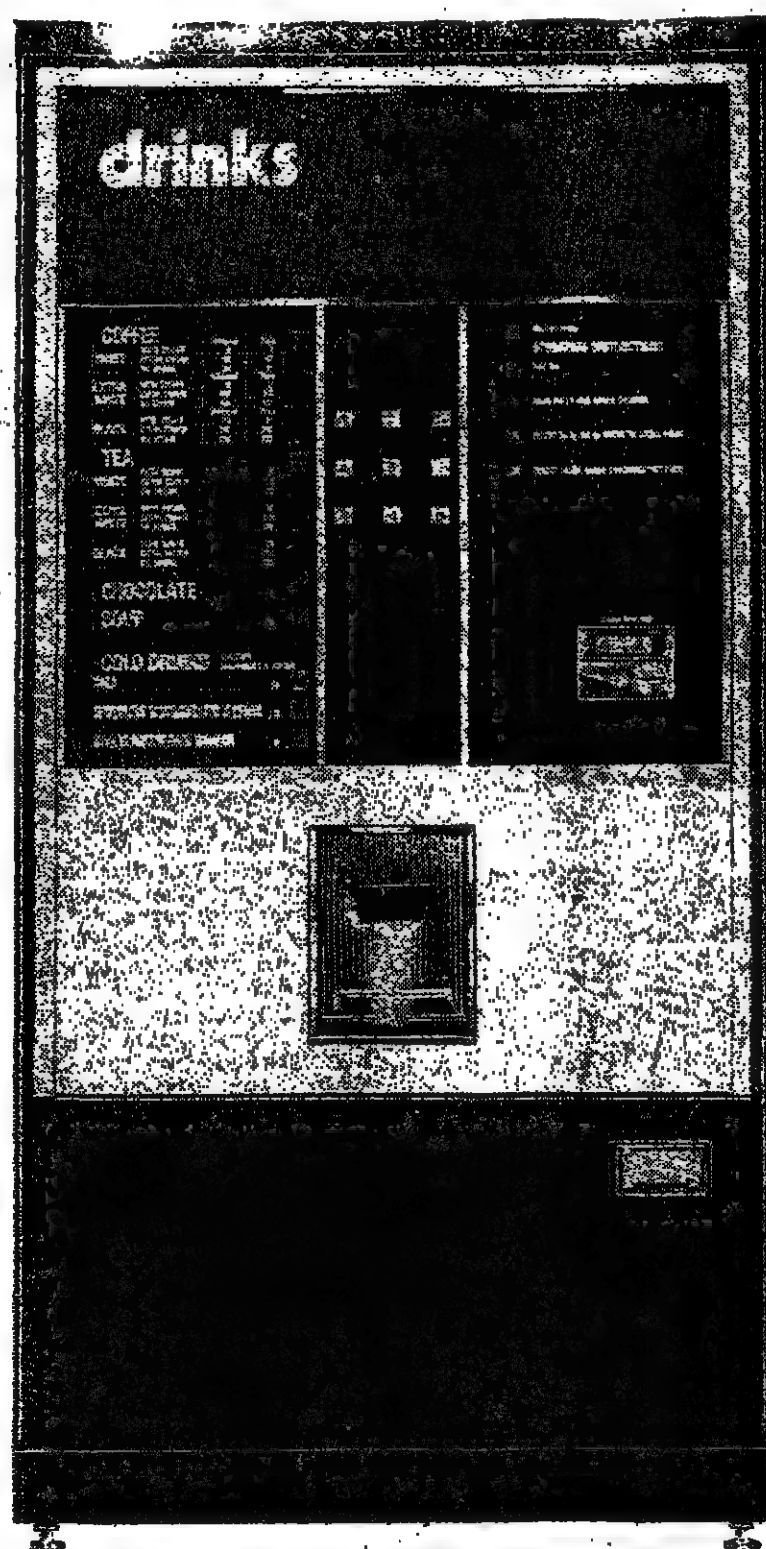
Vending machines in 2000 years, are...
What makes S...
choice is the fa...
ing service.
We make the m...
ingredients s...

مكتبات الدول



The first vending machine—215 BC, an ingenious method of dispensing holy water in Egyptian temples. Just insert 5 drachma.

First in vending. 215 BC.



The Supermatic by GKN Sankey offers a choice of 32 drinks in modern temples of commerce and industry.

First in vending. 1976.

Vending machines have come a long way in 2000 years, and we've made most of them running in the last twenty—so today we are the leaders.

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We have a nation-wide network of 24 independent Approved Operators, with their own work force, who will manage the machines for you and make sure you're getting the very best from our equipment.

And there are machines in the Sankey

Vending range that can supply everything from a cup of coffee to a hot three course meal.

Our customers are satisfied, but we're not. We're continually developing new machines to maintain our lead. So whatever you need GKN Sankey is the automatic choice.

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GKN Sankey Ltd.

Automatic Vending Division, P.O. Box 6, Bilston, West Midlands WV14 0JF Telephone: 0902 43111

VENDING IV

Machines can solve staff problems

THERE ARE few limits to the range of services that can theoretically be offered to the public through vending machines, and often the major obstacles to growth appear to lie in the level of public tolerance, for services that are being offered by machine and not by the more traditional human being, rather than in the limitation of vending machines themselves. The fully automated shop has been a reality for some years in London and other European capitals, but it has failed to live up to the extravagant predictions offered on its behalf in the early 1960s. Then it was supposed to herald as big a revolution in retailing as supermarkets and the switch to self-service had entailed in the post-war years. Instead it has remained little more than a curiosity and has done little to transform the nation's shopping habits.

Although sales of vending machines are currently on something of a plateau—caused by the general economic recession that has reduced the scale of industrial and commercial building and therefore the number of new sites to be exploited as vending locations—there is some growth in traditional sectors of vending, such as cigarette sales, which are going through something of a renaissance. It has become a common practice in the last two years for publicans and hoteliers to dispense with across-the-counter sales of cigarettes and replace such sales with a vending machine.

The advent of vending machines contained in a limited way some comment on the state of public morality and the changing standards of service the consumer demands and is given. The vending machine owes its success to the way in which it can replace the human element in some shape or form. In the case of cigarette machines in pubs and hotels it appears that the vending machine now offers more security for the cash that is tied up in expensive stock. Often pubs selling cigarettes off the shelf have to operate two cash tills in order to keep track of the differing levels of income derived from drinks and tobacco sales, thus introducing

an extra operation for bar staff to carry out. It also introduces an extra opportunity for dishonesty on the part of staff, and with bar staff often engaged only on temporary short-term contracts it is clearly being felt that vending machines offer more security and cut the risk of incurring unnecessary losses through casual theft and pilfering.

Cigarette sales through vending machines have now reached an annual total of some £100m, and the tobacco manufacturers treat the industry with serious respect. The frequent fluctuations in cigarette prices now appear to have been accepted by most vending operators and are no longer such a major worry following the introduction of more flexible mechanisms which can take a variety of coins and which use electronic rather than mechanical coin recognition. Operators have taken a united stance on the fact that, with such frequent price changes, machines must incorporate ease of conversion as priority design features.

Tobacco

Several of the tobacco companies have introduced new vending packs this year, such as the John Player King Size in packs of 17, Number 6 Extra Mild in packs of 16, Carreras Rothmans' Black Cat in 17s and Dunhill premium also in 17s. Higher prices have hit demand to some extent, but anti-smoking publicity has helped to increase sales of mild brands, which have made them an increasingly interesting proposition for vending operators. There are some marked differences of demand between the market for vending cigarettes and usual cigarette sales, especially in the King Size sector. Though it is a growing sector it still represents only about 9 per cent of the total U.K. cigarette market, but it is considerably more important in the vending market. Some 23 per cent of vending volume is through 50p columns.

Cigarettes are clearly by far the most important part of the non-catering side of vending, but what other sectors lack in sales volume they make up in diversity. From chocolate

bars to sparking plugs, from petrol to contraceptives and from chewing gum to detergent, they are all available through a vending machine of some description. The industry has decided that one of the best ways of boosting sales, whatever the articles on offer, is to give them a better display, and there has been a definite trend towards machines that can show off bright attractive wrappings to their best advantage. Claims of significant profit increases have been made for machines that can accommodate together a wide range of goods from aspirins to tights, sweets, books and razors, and some hotel groups are already in the process of installing such machines. The major sales advantage appears to be the open visual access afforded by large glass panels which allow an unrestricted view of all the contents. Such machines also incorporate a great flexibility in terms of the selling space, allowing anything to be accommodated from a packet of chewing gum to a quarter pound box of chocolates.

Where these machines are being installed in such places as hotel foyers they are usually programmed to accept a wide range of coins, so that staff time is not taken up needlessly in supplying change. But items bought in such machines may well prove to be a little more expensive than in normal shops, management following the reasoning that prices can be rounded up to higher practical permutations because users are wanting services outside usual shop hours or away from shopping centres.

The assured future for vending must lie in the fact that labour costs are constantly spiralling upwards and that establishments such as hotels are no longer able (or willing?) to pay either higher wages bills in order to attract the right standard of staff, or to find such staff in the first place as people become more reluctant to work extremely unusual hours. The same argument applies to many sides of catering, including the industrial.

As Mr. William Fattal, chairman of Robserve, said in his annual report, there is a growing differential between the cost of labour and a vending

machine. "All indications are that the gap will continue to widen and this will serve to demonstrate the continued economic advantages of our services to existing and future customers. The public sector has failed to react to the benefits of vending as quickly as the private sector. However, as a result of the economies in Central and Local Government expenditure, we believe the need for (vending) equipment and services will become more readily apparent." Mr. Fattal argues that the widespread use of vending machines in industry and commerce is allowing it to be increasingly recognised that the installation of vending machines is not merely an economic decision, but is one that assists management to achieve better working conditions and therefore higher productivity.

Attention

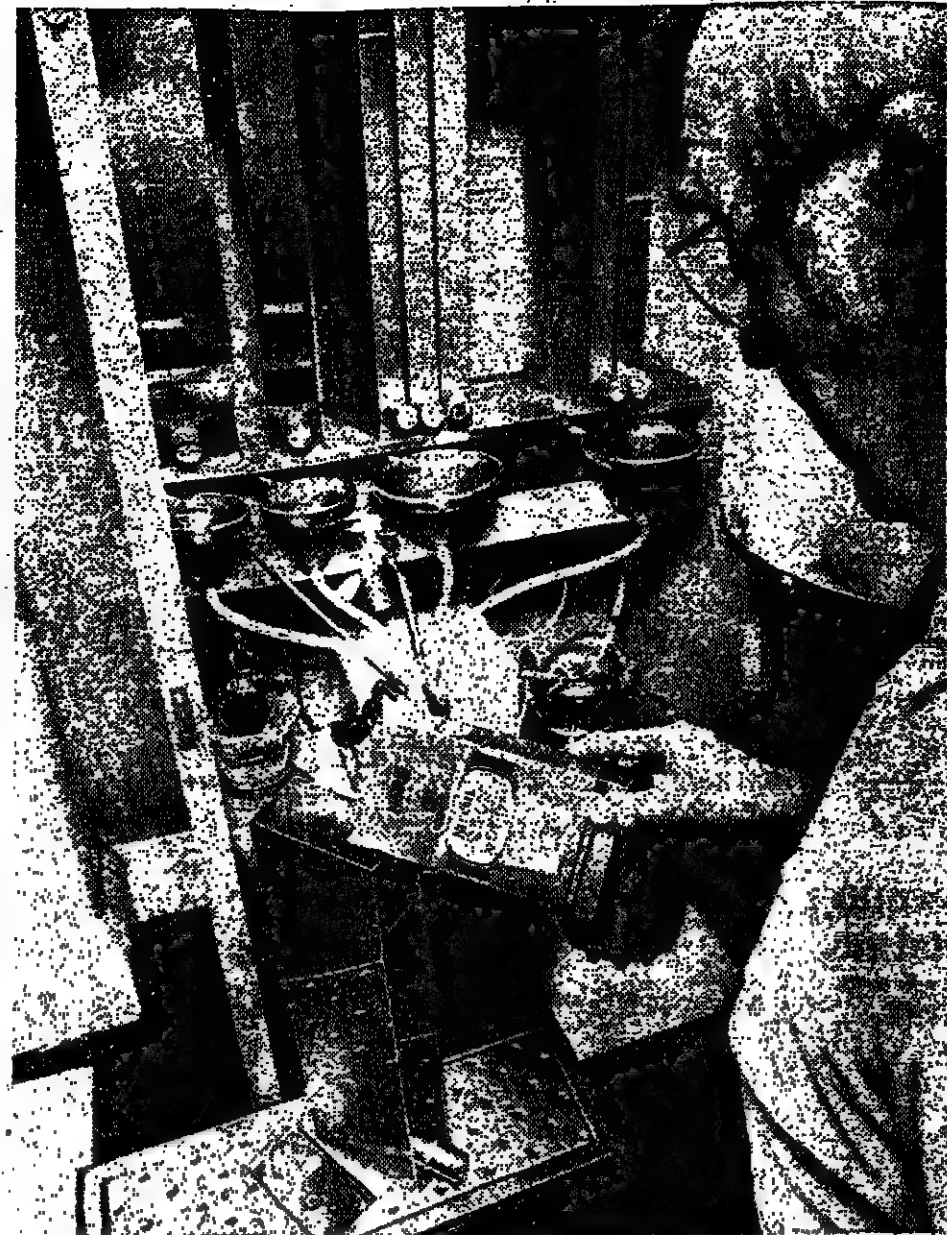
The difficulty of attracting and paying for the right type of staff in the hotel industry means that vending operators are paying considerable attention to this sector. A vending service such as shoe cleaning is one that could become increasingly popular. It is currently being marketed on the strength of a number of selling points, including the rather negative factor that if the hotel guest has a cleaning machine there is unlikely to be such spotting of towels or even bedclothes. Of course a major factor is the reduction in the number of staff needed if shoe cleaning is handed over to a machine. Unlikely research has found that the average time a guest is willing to spend on shoe cleaning is about one minute, though some machines have flexible settings from anything between six seconds and 15 minutes. Brushes are calculated to last for about 14,000 polishes. Another advantage enjoyed by these machines, say the salesmen, is that they avoid the rather disruptive occasions when some practical joker comes along the hotel corridor at night and changes all the shoes to different doors.

Hotels, too, are the target for increasing sales of vending bar and room services outside nor-

mal hours. Automatic vending of alcohol and soft drinks is now available through increasingly sophisticated systems, some of which register electronically at reception the price of drinks taken. Such electronic systems can be wired in with other service facilities such as telephone fire alarm and television.

The range of services offered through vending has even included the sale of holiday insurance policies at airports in the U.S., though this practice was not without its abuses and attendant dangers. Vending by its very impersonal nature can easily be abused either in the form of casual vandalism or more systematic damage. Operators in the U.K. are beginning to insist that because of the rising crime rate machines must be as vandal-proof and long lasting as possible. But damage to vending machines is also known to have been more premeditated than casual vandalism, especially in some of the more underground competitive areas such as the sale of contraceptives. For instance, the Monopolies Commission report into contraceptive sheaths last year reported an instance a few years previously where an employee of L.R. Industries, which sells the Durex brand had gone out and damaged about 100 machines belonging to the competition in retaliation for what he believed had been a systematic campaign of deliberate damage to L.R. machines. Allegations of such malpractice between rivals were rife at that time, but the Commission said it had not found any such instances in more recent years, and sales rivalry for the wide variety of vending services now on offer appears to have generally avoided this extreme form of expression.

Kevin Done



Regular and efficient servicing is now accepted as essential for vending.

Catering services to suit most tastes

IT IS unlikely that hot meal vending machines will make an early appearance in the good food guides, if only because there has been considerable apprehension about the quality of meal they could deliver.

This was not helped by the deteriorating standards of cooking apparent in cafes and canteens as the British continued in their proud tradition of turning first class ingredients into appalling hash. Even the introduction of relatively innocent aids like microwave ovens was viewed with suspicion, and the development of powders, potions and portion control served only to keep the consumers' eye rather jaundiced about the standard and quality of functional, industrial meals.

In the last few years, however, methods have changed, new machines have been introduced and acceptability has risen. The vending machine is no longer a hideous automaton, and while it is not designed to replace a full-blooded staff dining room serving large quantities of meals in a short time, it has found what is probably a permanent niche in meeting the needs of those who work in small groups or at awkward places and times.

Changed

Mid-day eating habits have changed noticeably over the last decade, and although there tends still to be a preference for a far heavier weight of meal in the north of England, there has been a general trend towards a quick meal at mid-day—a practice much frowned on and even in some cases ridiculed some years ago but now more widespread for a variety of reasons.

In the south, particularly, the sandwich bars have flourished as the cost of a more formal mid-day meal has risen. Although many companies still operate subsidised canteens they are becoming fewer, and 30p in luncheon vouchers will not buy much to-day.

Pub snacks, too, have grown in popularity and have often consisted of exactly the same food which is most suitable for vending machines. The idea of a piece of cheese and an apple still appeals to many young girls involved in the crucial business of slimming, and the quality of hot drinks and soups delivered by machines has been steadily improved from the original two inches of mud in the bottom with a further three and a half of insipid water floating on top.

There has been a great deal of research into hygiene, with exchange kits available for most machines and automatic rinsing ensuring that lemon tea is not mixed with chicken soup.

There are usually two sets of everything that comes into contact with the hot drink provided with the machine, making it easy for the person responsible to keep everything clean. But it is in the main hot meal market that greatest strides are being made. Meals can be prepared by a kitchen staff working one shift only and put into the vending machine for use up to 48 hours later. This time limit has proved a problem as the food can only be kept chilled not frozen, because otherwise the microwave oven which forms the second half of the machine would be working overtime.

On the other hand it allows the choice of meals to be tailored to seasonal fluctuations in material costs, allowance for local and regional tastes in the choice of food and portion control to allow for either the hearty appetites of a heavy industrial worker or the lighter requirements of office staff. And the portion control itself ensures not only that there is no favouritism shown in individual users of a canteen, but also that costs can be kept in tight rein.

The user chooses his meal, pays for it and removes it from the chilled display. With it he will often find a coded tag for insertion in the microwave, which means that he does not have to choose the cooking time himself—it is all automatic. The price, too, can be controlled by the factory management so that, if desired, a measure of subsidy can still be built in merely by adjusting the price of the meal downwards.

It is also possible to buy ready-made meals from an outside contractor for storage in a deep-freeze, from which the microwave is replenished each day. However, this service is not yet available all over the country—it is concentrated in the London area—and the weight of the catering burden has fallen on individual factory kitchens but with the advantage that only one day shift is needed and the very costly problem of night staff is obviated.

Apart from the use of machines in leisure centres the industrial use of machine catering is now growing. This is put down to the flexibility of a machine and its ability to serve a small group of people in an isolated site.

Hospitals and bus depots are contrasting examples of areas where there is a steady but irregular flow of people needing meals at all hours of the day and night, but there are also many other sites where machines are being installed. Where a group of workers can be easily identified as a unit

within a factory, then a machine look for more economic complex can be tailored to suit of providing food and their individual needs. try to avoid the rises in

Although the machines are not really designed to take over from the traditional factory canteen, serving perhaps 2,000 meals in 90 minutes, they come into their own for the small engineering factory which

would find it impractical and uneconomical to set up catering facilities but wishes to provide some amenities for its workers.

The choice of equipment will be determined mainly by the extent of choice required and the density of use—machines are far more able to cope with staggered breaks than concentrated use. It is estimated that only about a third of the workforce would want the facilities, so installation costs have been worked out on that basis. For a workforce of 100, therefore, a machine designed to cope with just over 30 is thought to be adequate and would cost about £3,200 to install.

This would be capable of feeding more but would require staggering, and increased choice would lead to increased cost. Once a factory of 500 is in question then probably three or four machines, perhaps sited in different parts of the building, may be involved, with little change over time. However, they can often be far cheaper than employing catering staff, and they do not go on strike. They do break down, however, but the large companies have engineers all over the country and claim that servicing is now rapid and thorough.

Development potential in food vending is thought to be great, especially as factory managers, N-Sankay, for instance, an approved operator, that only about a third of the workforce would want the facilities, so installation costs have been worked out on that basis. For a workforce of 100, therefore, a machine designed to cope with just over 30 is thought to be adequate and would cost about £3,200 to install. This would be capable of feeding more but would require staggering, and increased choice would lead to increased cost. Once a factory of 500 is in question then probably three or four machines, perhaps sited in different parts of the building, may be involved, with little change over time. However, they can often be far cheaper than employing catering staff, and they do not go on strike. They do break down, however, but the large companies have engineers all over the country and claim that servicing is now rapid and thorough.

Development potential in food vending is thought to be great, especially as factory managers, Stuart Ale

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STOCK EXCHANGE REPORT

Markets restrained by lingering interest rate fears

Share index up 0.3 at 295.6—Unilever improve

Account Dealing Dates

Option

First Declared Last Account

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money market found reflection

among short-dated British Funds

which gradually recovered early

falls ranging to 1 to close that

fraction better on the day

Business was described as

reasonable at this end of the

market, but rather slow in the

mediums and longs. Neverthe-

less, quotations, other than the

shorts, eventually reverted to

overnight levels after having

been 1 lower. More interest was

disputed in the short Bankers

dinner at Mansion House than in

the CBI call for public spending

cuts and a voluntary wages curb.

Lower initial rates for invest-

ment currency attracted a revived

interest which took the premium

up from 114 to 116 per cent.

before a close of 116 per cent.

A rise of 1 on the day. Yester-

day's SE conversion factor was

0.306 (0.275).

After Wednesday's nervousness

prompted by fears that base

lending rates could soon rise to

14 per cent. or more, the big

four Banks became calmer yester-

day, although lack of investment

interest prompted a further

modest decline. Lloyds, 172p, and

National Westminster, 182p, both

have up 3. ANZ, 13p off at 33p,

were an isolated feature in

Overseas banks, while consular

in Merchant Banks included

Brown Shipley, 5 lower at 100p,

and Hambros, 3 easier at 112p.

Keyser, Ullmann cheapened a

penny to 18p.

Insurances also spent a drab

session. Commercial Union re-

duced 2 more to 85p and Phoenix

to 135p and Minet Holdings gave

up 3 to 109p; the latter's interim

results are due next Tuesday.

After having risen 61 over the

previous eight trading days on

the basis of a fall in the share-

holders' vote, Colonnade and Col-

on-Brook encountered

protest-taking in the absence of

any such developments and, after

touching 140p, the share closed

at 140p on balance at 153p.

Welshampton and Dudley

cheapened 2 to 105p despite a

Press suggestion that they could

soon attract an offer. Elsewhere,

further consideration of the 12

per cent. fall in Scotch whisky

production left Distillers 2 down

to 24p.

ICI touched 287p before closing

a penny cheaper on the day at

286p.

W. H. Smith "A" dull

Publicity given to the Stores

figures from Marks and Spencer

and British Home Stores failed to

generate much interest. Marks

and Spencer closed without

alteration at 78p, after 77p, while

British Home Stores lost 2 more

to 107p low of 105p. W. H. Smith

"A" remained on offer, closing

4 cheaper at 232p, after 230p; the

interim figures are expected

November 11. House of Loree,

at 40p, gave up the previous day's

rise of a penny which followed

the interim results, while Currys

shed 1 to 61p and Foster Bros

declined 2 to 40p. Selmeccor,

however, edged up 1 to 104p on

the substantially improved first-

half profits. Mail Order,

Freemans (London) fell 4 to a

1976 low of 115p.

The Electrical leaders were

quiet and little changed. EMI,

138p, and GEC, 135p, put on 2

apiece. Among secondary issues,

Audia Fidelity lost 2 to 23p on

the reduced earnings, while

Smith's losses were seen in

Cloride, 54p, and Lee Refriger-

ation, 39p. Ever Ready held at 96p

in front of 10-day's interim state-

ment, while news of increased

profits lifted F. W. Thorpe a

penny to 22p.

Marginal recoveries among

Engineering leaders included

Hawker, 4 higher at 370p, and

GKN, which rallied 3 to 225p. The

sector otherwise was feature by

Godalming reflected the sharp

improvement in first half profits

Brook, which, in the absence of

or counter-bid developments, fell

to 125p before closing a net 10

lower at 132p. Babcock and

Wilcox slipped to a low for the

year, preliminary results at

Kalamazoo, 36p, all closed 4

cheaper.

Buildings were featured by the

LBM, which rose 1 to 321p in

response to better-than-expected

interim figures. Fairview Estates

hardened 2 to 40p on the chair-

man's encouraging statement

yearly report, while Streeters of

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Godalming reflected the sharp

improvement in first half profits

Brook, which, in the absence of

Record Ridgway, 42p, all picked

while awaiting full year results,

Walker and Homer shed a penny

each, while Wheelock Hardens

the much better first-half results

were 2 harder at 44p when the

close 7 up at 34p, after 75p,

shares were suspended pending

the outcome of bid talks with

Greenbank Industrial, 36p, and

Clayton, Son, 36p, both improved

the turn in reflection of satis-

factory interim figures. Ship-

buildings were rarely tested

apart from Vesper which

closed 1 higher at 197p, after

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the outcome of bid talks with

Greenbank Industrial, 36p, and

Clayton, Son, 36p, both improved

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INDUSTRIALS - Continued

Stock	Price	Div	Yield	High	Low	Open	Close	Change
British Petroleum	225.00	1.50	0.66	225.00	225.00	225.00	225.00	0.00
Shell	180.00	1.20	0.67	180.00	180.00	180.00	180.00	0.00
British Airways	150.00	1.00	0.67	150.00	150.00	150.00	150.00	0.00
British Telecom	120.00	0.80	0.67	120.00	120.00	120.00	120.00	0.00
British Overseas Airways	100.00	0.70	0.70	100.00	100.00	100.00	100.00	0.00
British Airways Group	80.00	0.60	0.75	80.00	80.00	80.00	80.00	0.00
British Airways Holdings	60.00	0.50	0.83	60.00	60.00	60.00	60.00	0.00
British Airways International	40.00	0.40	1.00	40.00	40.00	40.00	40.00	0.00
British Airways plc	20.00	0.30	1.50	20.00	20.00	20.00	20.00	0.00
British Airways Group plc	10.00	0.20	2.00	10.00	10.00	10.00	10.00	0.00
British Airways International plc	5.00	0.10	2.00	5.00	5.00	5.00	5.00	0.00
British Airways Holdings plc	2.50	0.05	2.00	2.50	2.50	2.50	2.50	0.00
British Airways International plc	1.25	0.025	2.00	1.25	1.25	1.25	1.25	0.00
British Airways Holdings plc	0.625	0.0125	2.00	0.625	0.625	0.625	0.625	0.00
British Airways International plc	0.3125	0.00625	2.00	0.3125	0.3125	0.3125	0.3125	0.00
British Airways Holdings plc	0.15625	0.003125	2.00	0.15625	0.15625	0.15625	0.15625	0.00
British Airways International plc	0.078125	0.0015625	2.00	0.078125	0.078125	0.078125	0.078125	0.00
British Airways Holdings plc	0.0390625	0.00078125	2.00	0.0390625	0.0390625	0.0390625	0.0390625	0.00
British Airways International plc	0.01953125	0.000390625	2.00	0.01953125	0.01953125	0.01953125	0.01953125	0.00
British Airways Holdings plc	0.009765625	0.0001953125	2.00	0.009765625	0.009765625	0.009765625	0.009765625	0.00
British Airways International plc	0.0048828125	0.00009765625	2.00	0.0048828125	0.0048828125	0.0048828125	0.0048828125	0.00
British Airways Holdings plc	0.00244140625	0.000048828125	2.00	0.00244140625	0.00244140625	0.00244140625	0.00244140625	0.00
British Airways International plc	0.001220703125	0.0000244140625	2.00	0.001220703125	0.001220703125	0.001220703125	0.001220703125	0.00
British Airways Holdings plc	0.0006103515625	0.00001220703125	2.00	0.0006103515625	0.0006103515625	0.0006103515625	0.0006103515625	0.00
British Airways International plc	0.00030517578125	0.000006103515625	2.00	0.00030517578125	0.00030517578125	0.00030517578125	0.00030517578125	0.00
British Airways Holdings plc	0.000152587890625	0.0000030517578125	2.00	0.000152587890625	0.000152587890625	0.000152587890625	0.000152587890625	0.00
British Airways International plc	0.0000762939453125	0.00000152587890625	2.00	0.0000762939453125	0.0000762939453125	0.0000762939453125	0.0000762939453125	0.00
British Airways Holdings plc	0.00003814697265625	0.000000762939453125	2.00	0.00003814697265625	0.00003814697265625	0.00003814697265625	0.00003814697265625	0.00
British Airways International plc	0.000019073486328125	0.0000003814697265625	2.00	0.000019073486328125	0.000019073486328125	0.000019073486328125	0.000019073486328125	0.00
British Airways Holdings plc	0.0000095367431640625	0.00000019073486328125	2.00	0.0000095367431640625	0.0000095367431640625	0.0000095367431640625	0.0000095367431640625	0.00
British Airways International plc	0.00000476837158203125	0.000000095367431640625	2.00	0.00000476837158203125	0.00000476837158203125	0.00000476837158203125	0.00000476837158203125	0.00
British Airways Holdings plc	0.000002384185791015625	0.0000000476837158203125	2.00	0.000002384185791015625	0.000002384185791015625	0.000002384185791015625	0.000002384185791015625	0.00
British Airways International plc	0.0000011920928955078125	0.00000002384185791015625	2.00	0.0000011920928955078125	0.0000011920928955078125	0.0000011920928955078125	0.0000011920928955078125	0.00
British Airways Holdings plc	0.00000059604644775390625	0.000000011920928955078125	2.00	0.00000059604644775390625	0.00000059604644775390625	0.00000059604644775390625	0.00000059604644775390625	0.00
British Airways International plc	0.000000298023223876953125	0.0000000059604644775390625	2.00	0.000000298023223876953125	0.000000298023223876953125	0.000000298023223876953125	0.000000298023223876953125	0.00
British Airways Holdings plc	0.0000001490116119384765625	0.00000000298023223876953125	2.00	0.0000001490116119384765625	0.0000001490116119384765625	0.0000001490116119384765625	0.0000001490116119384765625	0.00
British Airways International plc	0.00000007450580596923828125	0.000000001490116119384765625	2.00	0.00000007450580596923828125	0.00000007450580596923828125	0.00000007450580596923828125	0.00000007450580596923828125	0.00
British Airways Holdings plc	0.000000037252902984619140625	0.0000000007450580596923828125	2.00	0.000000037252902984619140625	0.000000037252902984619140625	0.000000037252902984619140625	0.000000037252902984619140625	0.00
British Airways International plc	0.0000000186264514923095703125	0.00000000037252902984619140625	2.00	0.0000000186264514923095703125	0.0000000186264514923095703125	0.0000000186264514923095703125	0.0000000186264514923095703125	0.00
British Airways Holdings plc	0.00000000931322574615478515625	0.000000000186264514923095703125	2.00	0.00000000931322574615478515625	0.00000000931322574615478515625	0.00000000931322574615478515625	0.00000000931322574615478515625	0.00
British Airways International plc	0.000000004656612873077392578125	0.0000000000931322574615478515625	2.00	0.000000004656612873077392578125	0.000000004656612873077392578125	0.000000004656612873077392578125	0.000000004656612873077392578125	0.00
British Airways Holdings plc	0.0000000023283064365386962890625	0.00000000004656612873077392578125	2.00	0.0000000023283064365386962890625	0.0000000023283064365386962890625	0.0000000023283064365386962890625	0.0000000023283064365386962890625	0.00
British Airways International plc	0.00000000116415321826934814453125	0.000000000023283064365386962890625	2.00	0.00000000116415321826934814453125	0.00000000116415321826934814453125	0.00000000116415321826934814453125	0.00000000116415321826934814453125	0.00
British Airways Holdings plc	0.000000000582076609134674072265625	0.0000000000116415321826934814453125	2.00	0.000000000582076609134674072265625	0.000000000582076609134674072265625	0.000000000582076609134674072265625	0.000000000582076609134674072265625	0.00
British Airways International plc	0.0000000002910383045673370361328125	0.00000000000582076609134674072265625	2.00	0.0000000002910383045673370361328125	0.0000000002910383045673370361328125	0.0000000002910383045673370361328125	0.0000000002910383045673370361328125	0.00
British Airways Holdings plc	0.00000000014551915228366851806640625	0.000000000002910383045673370361328125	2.00	0.00000000014551915228366851806640625	0.00000000014551915228366851806640625	0.00000000014551915228366851806640625	0.00000000014551915228366851806640625	0.00
British Airways International plc	0.000000000072759576141834259033203125	0.0000000000014551915228366851806640625	2.00	0.000000000072759576141834259033203125	0.000000000072759576141834259033203125	0.000000000072759576141834259033203125	0.000000000072759576141834259033203125	0.00
British Airways Holdings plc	0.0000000000363797880709171255166015625	0.00000000000072759576141834259033203125	2.00	0.0000000000363797880709171255166015625	0.0000000000363797880709171255166015625	0.0000000000363797880709171255166015625	0.0000000000363797880709171255166015625	0.00
British Airways International plc	0.00000000001818989403545856275780078125	0.000000000000363797880709171255166015625	2.00	0.00000000001818989403545856275780078125	0.00000000001818989403545856275780078125	0.00000000001818989403545856275780078125	0.00000000001818989403545856275780078125	0.00
British Airways Holdings plc	0.000000000009094947017729281378900390625	0.0000000000001818989403545856275780078125	2.00	0.000000000009094947017729281378900390625	0.000000000009094947017729281378900390625	0.000000000009094947017729281378900390625	0.000000000009094947017729281378900390625	0.00
British Airways International plc	0.0000000000045474735088646406894501953125	0.00000000000009094947017729281378900390625	2.00	0.0000000000045474735088646406894501953125	0.0000000000045474735088646406894501953125	0.0000000000045474735088646406894501953125	0.0000000000045474735088646406894501953125	0.00
British Airways Holdings plc	0.00000000000227373675443232034472509765625	0.000000000000045474735088646406894501953125	2.00	0.00000000000227373675443232034472509765625	0.00000000000227373675443232034472509765625	0.00000000000227373675443232034472509765625	0.00000000000227373675443232034472509765625	0.00
British Airways International plc	0.000000000001136868377216160172362548828125	0.0000000000000227373675443232034472509765625	2.00	0.000000000001136868377216160172362548828125	0.000000000001136868377216160172362548828125	0.000000000001136868377216160172362548828125	0.000000000001136868377216160172362548828125	0.00
British Airways Holdings plc	0.0000000000005684341886080800861812744140625	0.00000000000001136868377216160172362548828125	2.00	0.0000000000005684341886080800861812744140625	0.0000000000005684341886080800861812744140625	0.0000000000005684341886080800861812744140625	0.0000000000005684341886080800861812744140625	0.00
British Airways International plc	0.00000000000028421709430404004309063720703125	0.000000000000005684341886080800861812744140625	2.00	0.00000000000028421709430404004309063720703125	0.00000000000028421709430404004309063720703125	0.00000000000028421709430404004309063720703125	0.00000000000028421709430404004309063720703125	0.00
British Airways Holdings plc	0.0000000000001421085471520200215453186103515625	0.0000000000000028421709430404004309063720703125	2.00	0.0000000000001421085471520200215453186103515625	0.0000000000001421085471520200215453186103515625	0.0000000000001421085471520200215453186103515625	0.0000000000001421085471520200215453186103515625	0.00
British Airways International plc	0.00000000000007105427357601001077265930517828125	0.000000000000001421085471520200215453186103515625	2.00	0.00000000000007105427357601001077265930517828125	0.00000000000007105427357601001077265930517828125	0.00000000000007105427357601001077265930517828125	0.00000000000007105427357601001077265930517828125	0.00
British Airways Holdings plc	0.00000000000003552713678800500538632965259140625	0.0000000000000007105427357601001077265930517828125	2.00	0.00000000000003552713678800500538632965259140625	0.00000000000003552713678800500538632965259140625	0.00000000000003552713678800500538632965259140625	0.00000000000003552713678800500538632965259140625	0.00
British Airways International plc	0.0000000000000177635683940025002691816478203125	0.0000000000000003552713678800500538632965259140625	2.00	0.0000000000000177635683940025002691816478203125	0.0000000000000177635683940025002691816478203125	0.0000000000000177635683940025002691816478203125	0.0000000000000177635683940025002691816478203125	0.00
British Airways Holdings plc	0.00000000000000888178419700125001345584090015625	0.000000000000000177635683940025002691816478203125	2.00	0.00000000000000888178419700125001345584090015625	0.00000000000000888178419700125001345584090015625	0.00000000000000888178419700125001345584090015625	0.00000000000000888178419700125001345584090015625	0.00
British Airways International plc	0.000000000000004440							

BRITISH BALL BEARINGS

BELIEF SCOTCH WHISKY

IMF due in London early next month

BY ADRIAN HAMILTON AND PETER RIDDELL

THE FULL International Monetary Fund team is due to arrive in London in the first week of November to examine the books as part of discussions on the \$3.9bn. standby facilities sought by Britain.

Over-riding worry

The British Government is negotiating the loan to cover all its further credit tranches. There are indications, though, that the IMF will prefer to stagger the loan enforcing monitoring of targets at each stage.

The first sum would not be paid until December and would have to be substantial merely to cover the balance of the year.

The over-riding worry of both Ministers and officials is the downgrading of U.K. economic growth, which the National Income Forecasts exercise is certain to show.

Only preliminary runs on the Treasury's computer model of

the U.K. economy have so far been made, but every indication is that lower expectations for physical stockbuilding, personal consumption, investment and the growth of world trade will produce a substantially lower Gross Domestic Product forecast than the 4 1/2 per cent annual rise in the 18 months to the end of 1977 projected by the Treasury in July.

The EEC Commission has already suggested that U.K. GDP next year will grow by only 3 per cent or less.

There will also probably be higher forecasts than in July for the likely rate of inflation and the level of unemployment.

The Treasury's main hope is that the lower growth in domestic output and the recent further fall in the value of the pound will produce a more favourable balance of payments projection.

However, as a result of the model's assumptions it is possible that a sizeable deficit will still be indicated.

Painful choice

A key question will be the public sector borrowing requirement forecast, which is regarded as a central issue by the IMF. While still uncertain, lower economic growth and a higher level of inflation and unemployment than previously forecast could mean a larger borrowing requirement than projected in July by the Chancellor.

If the borrowing requirement estimates look too large, either compared with previous forecasts or IMF wishes, the Government will face a painful choice. There are some who believe that the IMF can be persuaded to accept the Government's desire to avoid further restriction.

measures in view of the prospect of future repayment out of North Sea oil revenues.

Others argue that further fiscal action will be needed both to produce an acceptable projection of the borrowing requirement and a firm target for the most likely course of action in this case is use of the regulator to increase indirect taxes—plans for which are already in existence.

Some thought has been given at official level to further public expenditure cuts, but the Cabinet remains anxious to avoid anything which would require legislation.

Severe measures

An obvious option would be a moratorium on building and an increase in council house rents as part of the Housing Review now in progress. But Mr. Peter Shore, the Environment Secretary, is known to have opposed bitterly cuts on housing expenditure so far and changes would require a Bill.

No action is planned until after the IMF visit in early November, as the Chancellor made clear last night. The Government, he claimed, wants to avoid further severe contractionary measures.

In the meantime, the Treasury continues anxiously to look at the day-to-day movements of sterling and the results of its recent sales of gilt-edged stock.

Although these have been heavy in recent weeks, sales have to continue at a high level over the coming months if its monetary squeeze is to succeed. It is not clear whether direct action may have to be taken on the public sector borrowing requirement.

Israel acknowledges providing military aid to Lebanon

BY L. DANIEL

TEL AVIV, October 21.

ISRAEL has provided substantial military assistance, including tanks, ammunition and uniforms, to Christian forces fighting in Lebanon, according to a report in the Israeli press.

In what appears to be a carefully timed leak, it is acknowledged that Israel has supplied American Sherman tanks and trained their crews. Other military supplies, including automatic rifles, mortars and ammunition, as well as food and water supplies, have been provided.

The reports deny that Israeli troops are actually fighting in Lebanon with Christian forces. The official line is that the Israeli army is in the area to ensure the return of the refugees camps only, located in the centre of Lebanon, or to the so-called Fatahland on the border. It has been made clear in Jerusalem that Israel would not tolerate a return of the guerrillas to bases in southern Lebanon.

Israel's efforts to forge strong relations with the villagers of the border region (of the 11,000 Lebanese refugees treated in Israeli clinics and hospitals no less than 4,000 were Muslims) are clearly an attempt to discourage the villagers from succouring the guerrillas. Other Israeli measures must be seen in the same context.

But Israel remains concerned about the presence of more than 20,000 Syrian troops in Lebanon. The dilemma Israel faces in deciding to give assistance to the Christian militias was that in doing so, they were indirectly assisting the Christians' chief allies—the Syrians.

With Syria now heavily involved in Lebanon and the Syrian-Jordanian alliance along Israel's eastern front holding good, military chiefs are watching developments closely.

This point is underlined by today's editorial in the newspaper Yediot Aharanot, which says that if the Syrian military actually proves to have been effective and a Syrian-style solution is imposed on Lebanon, the result will be bad for Israel.

However, Syria's long-term

question now seems to be no threat of the Government seeking any radical changes in the present arrangements for supervising the securities markets. Yesterday's statement by the Secretary of State has two clear implications. The first is that Government policy is to build on the existing system of self-regulation, rather than to sweep it all away with new statutory powers.

The second is that its review of the existing controls—which has now been going on for well over two years—has not come up with anything particularly controversial. The only legislation which it considers sufficiently urgent to press ahead with "as soon as opportunity permits"—rather than wait for 18 months or two years to see what the Wilson Committee has to say—concerns insider dealing, loans to company directors, and what look like relatively minor adjustments to the Prevention of Frauds Act.

The present relationship between the Department of Trade and the Bank of England is to be formalised through a joint review body, which will be expected to highlight any shortcomings in the system. And the Bank is going to develop its existing informal surveillance of the securities industry: it sees itself as the focal point for the various institutional bodies which have the actual responsibility for controlling their members.

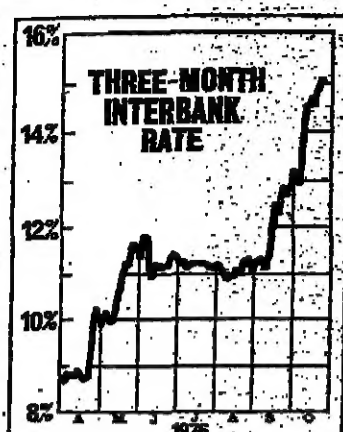
There is no suggestion that any over-riding powers will be imposed on the various professional bodies. For instance, although the enforcement of accounting standards may come within the Bank's sphere of influence, the drafting of the standards themselves will be left in the hands of the accountants. Nor is the Bank's relationship with the Takeover Panel, to which it is a kind of friendly great uncle, likely to change. Indeed it is possible that the Panel may be used as a model for something bigger—with all the interested parties coming together in a wider supervisory role.

However the problem with a system which depends on honouring the spirit of a code rather than the letter of a law is how to make its workings clearly visible. The Bank is in a half-way house position between the Government and the City, and although the City may understand how it exercises its powers, the fact that

THE LEX COLUMN

Self regulation is here to stay

Index rose 0.3 to 295.6



they are both unspoken and informal makes its role look much less straightforward than outsiders. Now that its responsibilities are to be increased, it is time to consider defining more precisely what they are.

Banqueting

The slowness of the Chancellor's path to economic virtue—as reiterated in his speech at the Mansion House last night—will not please the securities markets, though he did acknowledge that "we may still have to increase the speed with which we move towards our goal." And at least Mr. Healey suggested the 12 per cent money supply guideline (now hardened into a "target") is still valid after the M.E.R. hikes, a statement repeated by Mr. Gordon Richardson. The Governor was, however, clearly concerned about the consequences for industry.

The City, of course, is far from convinced that the projections for monetary progress next year can really be reconciled with the trends in the real economy. It is a point strongly made, for instance, in the new investment review from brokers James Capel. After making certain assumptions about the monetary targets which will be negotiated with the IMF for 1977-78—DCE of \$5.5bn and 10 per cent target for M3 to vest Felixstowe away.

growth—Capel concludes that the burden on the non-bank financial institutions would be too great if the public sector borrowing requirement were to stay at the currently scheduled \$900m.

In the current financial year, the insurance companies and pension funds in their minds anyway.

will be required to \$3.5bn in gilt-edged stock on unchanged fiscal policy. This would rise to manageable \$4.0bn, \$1bn cut in the 1978-79 would be required. And, they argue, there would be no institutional cash or equities.

UBM Group

Having seen profits from 27m pre-tax to 2m two years the market was no chance with UBM's yesterday's interim 1976-77. As it happens profits of 2m against £1.7m, a year compared with the £1.6m preceding six months. The cast is for a "better" current half-year interim dividend is still in the shares. The interim dividend is 5p, leaving a yield of 4 1/2 per cent.

Sales volume is 5 per cent lower and although building materials has since June, volume will be for the year. But UBM's got a firm grip on its notably the wage bill, its first half rise of 17 per cent slows to 10 per cent, current six months. The force is now roughly lower than it was two ago, and the group has completed its restructuring with some 13 mechanised divisions. The group is going to be a problem for the future.

With a bit of help, £13m of assets, sales profits of £31m, pre-tax cover a maintained UBM's margins recovery conceivably achieve this.

Felixstowe Dock

The fate of Felixstowe will be decided this week and last night it all touched and go. At 11 a.m. the Lord's equivalent of a reading of the private member's bill put forward by the Transport Docks Board in doubt. The Transport Docks Board will be decided this week and last night it all touched and go. At 11 a.m. the Lord's equivalent of a reading of the private member's bill put forward by the Transport Docks Board in doubt.

Observer-Murdoch talks to restart next week

BY MICHAEL THOMPSON-NOEL

THE OBSERVER newspaper denied last night that its talks with Mr. Rupert Murdoch's News International, publisher of the News of the World and the Sun—were "very near agreement," but confirmed that talks have taken place and that they would be resumed next week. Mr. Murdoch is in the U.S. and is not expected back until Monday.

Meanwhile, a Labour MP has demanded a statement from Mr. Edmund Dell, the Trade Secretary, on the possibility of the Observer's take-over by Mr. Murdoch.

Mr. Phillip Whitehead, the MP for Derby North, told the Commons yesterday of "grave concern" among some Labour MPs over the "accretion of power by a foreign newspaper magnate who has shown that power in his own country."

Mr. Murdoch, an Australian, moved into Fleet Street seven years ago when his group bought the Sun and re-built it into a successful and lucrative title.

The Observer, whose audited circulation over the first half of this year fell by \$3.246 copies to

677,504, had earlier approached Mr. Dell to seek Government assistance to pay for redundancies but is understood to have had a cool reception.

The Observer, whose main requirement appears to be a medium-term cash injection, has also held exploratory talks with other newspaper groups, including Mirror Group Newspapers, although suggestions that the Observer had been involved in talks, or was considering a bid of its own, were denied. Mr. Alan Hare, the Financial Times managing director and chief executive, said last night that no negotiations with the Observer had taken place, although the Financial Times naturally hoped that the preservation of the Observer title could be ensured.

"The Observer said yesterday. 'The company has nothing to add to the reports which have appeared in other newspapers beyond confirming that the Observer is trading profitably at present and that its circulation for September was 26,000 above the August figure (at 688,021).'"

This still leaves it in third

place among the three Sunday quality papers. In September, the Sunday Times circulation improved marginally to 1.39m, the Sunday Telegraph's more dramatically to 788,383.

Journalists at the Observer yesterday received a progress report on the talks with News International from the newspaper's editor, Mr. Donald Trefford.

Mr. Trefford, who took over the editorship last January, said last night that, although the newspaper was pleased that another group was prepared to invest "a substantial sum of money" in the paper, it was "inevitable that there will be some anxiety about continuing the editorial character of the paper."

A possible sticking point in the talks could be the status of the Observer Editorial Trust, which at present appoints the editor and exercises editorial control. Mr. Murdoch may well wish to dispense with the trust, if possible, and appoint an editor of his own choosing.

Murdoch and The Australian, Page 8

Lords condemn Mulley over Tameside move

FINANCIAL TIMES REPORTER

THE HOUSE of Lords yesterday issued a strong condemnation of the attempt by Mr. Fred Mulley, former Education Secretary, to force Tameside council, Greater Manchester, to abolish its grammar schools.

The judgment, by five Law Lords, will give strong encouragement to the nine local authorities who have defied the Government's request for them to submit plans to change to a comprehensive system. It will also stiffen the resistance of Conservatives in the House of Commons and the Lords to the new Bill which is designed to force authorities to implement Government policy on schools.

The Lords emphasised, however, that as the law stands at present, the Government has no power to overrule the decisions of local authorities on the grammar school issue. Even when the Bill becomes law, the rebellious nine councils will have to change over more slowly than the Government wants, with between one and three years of grace for detailed negotiations. Some councils are hoping that they still long enough, a general election will intervene.

Parliament, Page 10

Jews demonstrate in central Moscow

MOSCOW, Oct. 21.

POLICE removed a group of protesting Jews from an office of the Soviet Parliament today after a six-hour sit-in and a meeting with the nation's interior minister. Western correspondents were told that police took away about 25 demonstrators in three buses.

There was no violence reported, but the fate of the Jews was not immediately known.

The Jews, who have been refused permission to emigrate to Israel, marched through the centre of Moscow after three activists met with interior Minister Nikolai A. Shchelokov.

EEC calls for automatic green currency change

AN AUTOMATIC adjustment of Common Market "green" currencies was proposed by the EEC Commission in Brussels yesterday.

It is the official answer to the growing gap between the fixed exchange rates used for farm prices in the Community and actual floating national currencies. The falling value of sterling has led to a gap of over 37 per cent between the pound and the green pound. Monetary compensatory payments which at the moment subsidise food prices to British consumers—cost the EEC Farm Budget about £1.5m a day.

Monetary compensatory amounts are paid to ensure that farm price levels throughout the Community extend at common level to prevent distortion in competition.

Mr. Pierre Lardinois, the EEC

Commissioner, announced the Commission's proposals, which must be approved by the Nine member-States, in Brussels. They include a regular, automatic review of green currencies every six months. A new rate would be set based on the average of the actual exchange rate of each country in the previous 18 months.

Mr. Lardinois said he regarded the introduction of the plan from January 1 as essential to hold the whole Common Agricultural Policy together. It would ensure in future that every member-State "played ball"—a clear reference to Britain's refusal to devalue the green pound because of the rise in retail food prices this would cause.

Commission plan details, Page 37

TV tube choice awaited

By Max Wilkinson.

THE GOVERNMENT is anxiously waiting for a major decision by television manufacturers on whether they will buy British or foreign tubes for the new generation of colour sets.

The decision will have a substantial effect on the balance of payments from next year, with an impact of £50m. to £100m. a year by 1978.

The choice of tubes is important because new technology has made it impossible for set makers to change brands without altering the design of their circuits.

News Analysis, Page 3

Continued from Page 1

Foot is deputy leader of Labour Party

In a statement to Mr. Foot's views on some matters and 1 personal qualities of integrity, fear that these will not easily be eradicated at her ripe young age," he wrote from the London Labour Government in office since March, 1974, she declared.

Mr. Foot, 41, is seen to be recovering from shingles. The contest for the Deputy Leadership was caused by the resignation from Parliament of Mrs. William's great abilities, her wonderful good temper and her strong character.

She has some misguided

owned Cable and Wireless.

Continued from Page 1

Government rejects SEC

Takeover Panel, which brings together different parts of the securities industry including the clearing banks, accepting houses, pension and insurance companies, "could be a model for working together in a wider supervisory role."

Mr. Gordon Richardson, the Governor of the Bank of England, speaking at the same function, said that he unreservedly welcomed the legislative proposals to combat such abuses as insider dealing and directors' loans. "But the scale of malpractice must not be exaggerated."

"The incidents are wars on an otherwise healthy system, and they owe something to the

climate and temptations of

freedom markets and easy gains in years now past."

The proposed joint review body will strengthen the effectiveness of the self-regulatory system, he added.

The review body will keep in close touch with representative City organisations. While this formalises existing arrangements, it should act as a useful catalyst to bring about necessary improvements in the conduct of City affairs.

For example, it could provide a useful back-up to the enforcement of accounting standards. The terms of reference have not been decided, The Govern-

ment will undertake further consultations with representative bodies before the intended legislation on the dealing, loans to directors and amendments to the Prevention of Fraud (Investments) Act is introduced.

The Stock Exchange yesterday announced that it was to investigate share dealings in Desouter Brothers ahead of the announcement of a bid by Compair, and dealings in Midland Cattle Products before a takeover offer from Thomas Borthwick was announced this week.

An investigation is already underway into sharp movements in the price of Teacher's shares ahead of the recent bid by Allied Breweries.

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Registered at the Foot Office. Printed by the Financial Times Ltd. at the Financial Times Press, 1, Abchurch Lane, London EC4N 3DF.

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